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Russia Ousts British Diplomat As the 'Secret War' Continues

By Dusko Doder

Washington Post Service

MOSCOW — A British diplomat was ordered Tuesday to be expelled from Moscow in what a British Embassy spokesman described as apparent retaliation for the expulsion of a Soviet diplomat from London last week.

But the two actions seemed to be part of the "secret war" between East and West and one of its more bizarre episodes that centers on the mysterious death here last June of a British banker, Dennis Skinner, 54.

Mr. Skinner, representative of Britain's Midland Bank, had lived in Moscow for 13 years.

On June 17 of last year he was said to have jumped out of the window from his 12th-floor apartment on the outskirts of Moscow.

On June 15, Mr. Skinner had asserted in a note that he could identify a Soviet spy in the British security service. In the note, he said

he was planning to attend a diplomatic party at the British Embassy that night but expressed concern that he could be arrested by the Russians.

John Burnett, first secretary of the embassy, who was subsequently identified as its chief of security, spoke to Mr. Skinner at the reception. It was Mr. Burnett who was ordered Tuesday to be expelled.

Three months after Mr. Skinner's death, an officer in the British security service in London, Michael Bettaney, was arrested for trying to pass information to Soviet diplomats in Britain. Mr. Bettaney was subsequently sentenced to 23 years in prison.

One Soviet diplomat mentioned in the case was First Secretary A.V. Guk, who was expelled from Britain last week.

Both expulsions followed a British inquest verdict last week that Mr. Skinner had been unlawfully killed when he fell to his death.

In the process it was revealed that Mr. Skinner had maintained links with both British and Soviet intelligence.

The Moscow public prosecutor had earlier ruled that Mr. Skinner's death was not the result of criminal actions.

The day after Mr. Skinner's talks with Mr. Burnett at the British reception, he was taken to the British Embassy, where he met in a secure room with Mr. Burnett and David Ratford, the minister-counselor. According to Western sources, Mr. Skinner said he had been in contact with the Soviet secret service, the KGB, for many years.

Mr. Skinner was said to have described his KGB controller as being called "Alec." According to a version that is known in the diplomatic community here, Mr. Skinner feared arrest because his Russian-born wife, Lyudmila, who was

(Continued on Page 2, Col. 3)

U.S. Court Rejects Bias By Law Firms

The Associated Press

WASHINGTON — The U.S. Supreme Court ruled unanimously Tuesday that law firms, and perhaps other professional partnerships, may be found guilty of unlawful sex bias for refusing to name a woman as a partner.

The court said that Elizabeth A. Hishon was entitled to a trial in her sex discrimination lawsuit against the Atlanta law firm of former Attorney General Griffin B. Bell.

Chief Justice Warren E. Burger, writing for the court, said that under federal anti-bias law, promotion to partnership is a benefit of employment that cannot be denied on a discriminatory basis.

The court rejected arguments by the Atlanta firm of King & Spalding that federal law banning sex discrimination in employment should not apply to partnership decisions and that a law firm should be free, under the U.S. Constitution's protection of freedom of association to choose any partner it wants.

While the ruling applied directly to law firms, the court's rationale appeared to extend to partnerships in other professions.

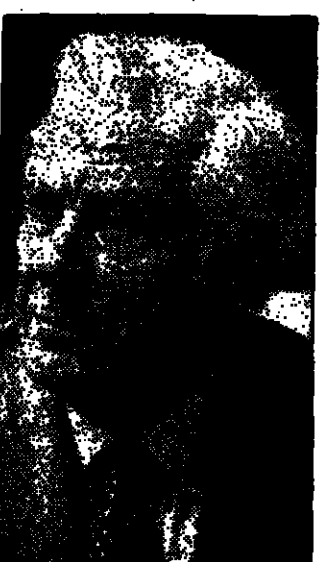
Mrs. Hishon, who joined King & Spalding in 1972 and was dismissed in 1979 when she failed to become a partner, now may win compensation from the firm if she can prove in court that she was denied the promotion because of her gender.

Many law firms have an "up or out" policy in which lawyers not invited to become partners must leave the firm.

Pretrial Procedure

Earlier, Linda Greenhouse of The New York Times reported from Washington:

The Supreme Court ruled unanimously Monday that parties to a



Warren E. Burger

A Top Officer In Kremlin Dies Suddenly

By John F. Burns

New York Times Service

MOSCOW — A Soviet air defense general who was prominently involved in defending the downing of a Korean Air Lines 747 civilian plane last year has died suddenly while performing his duties, it was announced Tuesday.

An obituary by the Defense Ministry newspaper, Krasnaya Zvezda, gave no details of the cause of death of Colonel General Sergey F. Romanov, 62.

The ambiguous wording of the article left open the possibility that he succumbed to natural causes, but some Western diplomats said that the formulation made it more likely that he had died violently, possibly in an air crash.

As chief of staff of the air defense forces, a separate arm of the Soviet military, General Romanov was the highest official in the public account of the interception of the Korean jet, which plunged into the Sea of Japan with the loss of 269 lives.

Some diplomats speculated that as one of the half dozen or so top officers in the air defense command in Moscow he would have been involved in the decision to shoot down the plane. But the level of authority at which the order was given was left obscure in official statements.

General Romanov was put forward as a spokesman four days after the incident.

Providing the first detailed account of the incident from the Soviet side, he said that a fighter had intercepted the plane and fired tracer shells parallel to its path in an effort to guide it to a Soviet airfield. But he said that the warnings had been ignored.

His account was the first to hint that the downing of the plane resulted from confusion between the Jumbo jet and an RC-135 reconnaissance plane of the type that U.S. forces use to patrol off Soviet coasts in the Far East.

More recently, General Romanov implied that the action taken against the civilian plane might be repeated against future intruders into Soviet airspace.

In a statement carried by the Tass news agency on Air Defense Forces Day last month, the general said that the thousands of fighters deployed by his command were in permanent combat readiness. He said that the aircraft were equipped with the latest technology that made them capable of annihilating planes that came within their combat range.

The obituary raised fresh questions about the repercussions of the Korean plane incident within the Soviet forces. Some accounts, including General Romanov's April statement, have spoken of pilots and commanders in the air defense forces receiving high awards for heroism in recent months. But other stories circulating here have told of a purge of senior officers involved in the shootdown and of a revision of command procedures and airborne tactics.

In a listing of the top military posts held by the general, the obituary gave his last assignment as that of representative of the command in chief of the Warsaw Pact forces, Marshal Viktor G. Kulikov.

Some diplomats said that this implied that he had been shifted from his air defense post to a lesser role as a liaison officer with the forces of other Soviet bloc countries. Confirmation of this appeared to come from a dispatch by ADN, the official East German news agency, which said General Romanov died in East Germany, where he had been assigned since May 5 as Marshal Kulikov's representative at the headquarters of the East German forces.

Western diplomats here said that this appeared to be a lesser post than the air defense assignment he held previously.



An Award for Sakharov, in Absentia

An academic hood and a scroll for an honorary degree in science were placed on an empty chair at the University of Pennsylvania honored Andrei D. Sakharov, the Soviet dissident, at its graduation ceremonies. Mr. Sakharov was banished to Gorki in January 1980 after criticizing the Soviet regime. He reportedly has been on a hunger strike to demand medical treatment for his wife, Lyudmila Josipovna, head of the French Socialist Party, said Tuesday in Paris that he had received assurances from the Soviet ambassador that Mr. Sakharov and his wife were in a satisfactory state of health in Gorki.

Bahraini Leader Is Optimistic on Gulf Crisis

By Jonathan C. Randal

Washington Post Service

BAHRAIN — Top Bahraini officials on Tuesday struck the Gulf as a top optimistic note since the recent escalation of air raids on oil tankers in the Gulf in what was interpreted as a sign that the crisis may be abating.

Prime Minister Khalifa bin Salman al-Khalifa said to journalists at a development conference that he did not believe the crisis would escalate and that he was "relieved that the attacks had stopped."

The last casualty in the recent escalation was the Panamanian freighter Fidelity sunk in Iranian waters Saturday, apparently the victim of an Iraqi air attack the previous day.

Just a week after Iranian jets attacked a Saudi tanker inside Saudi territorial waters, the prime minister's top oil adviser, Youssef al-Shirawi, adopted an equally optimistic stance.

Mr. Shirawi, whose prudent views are respected in Saudi Arabia, Kuwait and the rest of the Gulf, said he did not "think the recent events would have a significant effect on the price of oil."

He said: "It is the duration and the effectiveness of the attacks that count."

Even if the Strait of Hormuz at the southern end of the Gulf was "closed for two months," he said, "prices could increase, but then would decline. If ships are bombed, insurance premiums might go up a few cents, but they'll calm down."

This apparent concerted effort to accentuate the positive after a week of increasing gloom contrasted with the standard reiteration of belated statements by Iran and Iraq after 44 months of their stalemate conflict.

Without reading too much into what were meant to appear as impromptu remarks, analysts speculated that Bahrain and the other five members of the Gulf Cooperation Council may have brought pressure to bear on their ally, Iraq, to stop its attacks on shipping in Iranian waters.

Japan Rejects Arab Request
William Chapman of The Washington Post reported from Tokyo: Japan rebuffed an attempt by Arab League ministers Tuesday to

U.S. Tells Saudis It Will Consider Military Aid in Gulf if Asked

By Bernard Gwertzman

New York Times Service

WASHINGTON — President Ronald Reagan has told King Fahd of Saudi Arabia that he would seek to provide U.S. military assistance to protect Gulf shipping from future Iranian attacks if the Saudis made a formal request, administration officials said.

A letter, delivered on Monday, said it was time to begin detailed planning on what would be needed and what Saudi facilities could be made available to U.S. forces if the Saudis and other Gulf nations thought they needed naval or air support, the officials said.

The letter, which reportedly noted that no such aid had been requested, was carried to Riyadh by Richard A. Murphy, assistant secretary of state for Near Eastern and South Asian affairs. Mr. Murphy had previously said that the United States would be willing to discuss such assistance if requested by Saudi Arabia or other Gulf countries. The presidential letter now raises the issue to the highest level between the two countries.

Mr. Murphy met with Saudi officials again Tuesday. The U.S. Embassy said only that air attacks on shipping in the Gulf were logically the main topic. Reuters reported from Riyadh.

One official in Washington said the Saudis had been told privately that, if they gave permission for the use of Dhahran air field, a squadron of 24 U.S. Air Force F-15s could be there within two days.

A senior administration official said Mr. Reagan avoided any specific commitment, but came "as close as we've come to making a promise to come to their aid."

Officials said that the administration's tactics for the moment

were to persuade the Arab countries, and in particular the Gulf Arabs, to take the lead politically and militarily. A State Department official said neither the Gulf countries nor the United States wanted the situation to "begin to look like an American show."

In recent days, the Saudis, who have advanced U.S.-made F-15s making their air force the best-equipped in the Gulf, have taken the lead in promoting an Arab policy of confrontation against Iran for its attacks last week against two Kuwaiti tankers and one Saudi tanker.

Alan D. Romberg, a State Department spokesman, made it clear Monday that the United States was ready to condemn Iran's attacks on "neutral shipping" but would not criticize Iraq for its continued attacks on shipping near Iran's Kharg Island oil terminal.

The United States takes the position that the Iraqis are limiting their attacks to ships in a defined war zone near Iran's waters but that the Iraqis are hitting ships either in international waters or in the waters of nonbelligerents.

Since Saudi Arabia began its military modernization program 10 years ago, it has been a major purchaser of U.S. military equipment. However, the Saudis have had little experience in using the advanced equipment, and many U.S. officials say they believe the Saudis are uneasy about becoming involved in a conflict with the more experienced Iranian Air Force.

Fahd Sees Cabinet
King Fahd met with his cabinet Tuesday and declared his determination to defend Saudi territorial waters. The Associated Press reported from Bahrain.

No details were released, but a diplomatic source in Baghdad said Saudi Arabia and Kuwait planned a common strategy to confront any Iranian forces that attempted to attack oil tankers.

The source said that the Saudi-Kuwait plan "basically calls for Saudi and Kuwaiti warplanes and air defense systems to jointly confront any Iranian jet fighter trying to attack any of the two states' oil tankers or ships in the Gulf region."

Iran Denounces Resolution
Iran denounced Tuesday an Arab League resolution accusing it of attacking oil tankers in its war with Iraq and again threatened to block oil exports from the Gulf. Reuters reported from Tehran.

A statement, carried by the national news agency IRNA, said the Arab League resolution ignored realities and failed to note that Iraq was "fanning the flames of war to further increase tension in the region."

They are bemused to find that West Germans often regard them as somehow "nicer," unspoiled by the hazy pressures of a consumer society. But they are sometimes shocked by how little their new compatriots know about the "other" Germany.

The new emigration from East Germany has put to a peculiarly human test the traditional West German political talk about Germany's indivisibility.

Heinrich Windelen, the Bonn minister responsible for affairs with East Germany, expressed dismay that the West German press had picked up and circulated man-in-the-street fears that at a time of high unemployment the East German arrivals were going to take away jobs from others.

"What is coming to us now," Mr. Windelen said, "is in numbers just what what we took in 'boat people' from Indochina."

He said that East Germany's Communist radio and television were gleefully reproducing stories about the immigrants' difficulties to try to deter others from trying to leave the country.

Mr. Lawrence, a 32-year-old writer who worked as a journalist for a Protestant publication in East Germany, and his wife, Monika, a photographer, have not found steady work since they arrived here in December from Schwerin.

"Of course the difference between journalism in the D.D.R.," said Mr. Lawrence, using the initials for the German Democratic Republic in the East, "and journalism (Continued on Page 2, Col. 5)

Chile's Peaceful Protests Fade as Violence Rises

By Edward Schumacher

New York Times Service

SANTIAGO — A wave of bombings over the last year by leftists opposed to President Augusto Pinochet has raised widespread concern in this already politically torn country.

The bombings, by small groups that authorities say are mostly trained in Cuba, came as the majority of Chileans appear to be growing more disillusioned with both the government and the mainstream opposition because of disarray and ineffectiveness within both groups.

Peaceful protests such as the mass banging of pots from windows galvanized the country last year in a demand for democracy after more than 10 years of rule by General Pinochet, 68, but these have faded recently. However, there is grumbling everywhere, and private and public polls indicate that General Pinochet has the support of little more than 25 percent of the people.

The terrorist bombings are a growing new ingredient. In the last week, police reported that nearly 100 bombs exploded in Santiago and the provincial cities of Concepción, Valparaíso and Viña del Mar. The bombs have damaged railroad lines, police stations, foreign and domestic banks and power pylons. Bombs have totally blacked out the capital twice since March.

Injuries have been limited but are growing. On Friday, a woman planting a bomb at a pylon was killed when it exploded. Six policemen have been assassinated this year, and an alert subway conductor avoided what could have been a tragic death toll when he stopped

just short of a bomb on tracks here before it exploded. More than 20 riders were injured.

The government responded last week by decreeing a curfew on automobiles between 1 A.M. and 5 A.M. and issuing a law to assure swift and stern action against captured terrorists. But opposition leaders say the violence is spurred by the continued dictatorship itself.

"The Chilean tragedy is that Pinochet is going to his self-destruction," General Arriagada, a Christian Democratic leader, said in an interview. "He is absolutely unconscious of his situation and won't talk to anybody."

Violence by the extreme right, not seen here since General Pinochet overthrew the elected president, Salvador Allende, in 1973, has resumed. A group calling itself the Chilean Anti-Communist Action took responsibility for the recent slaying of a leftist Indian organizer in the south, and a Roman Catholic church that has been a center of anti-government protests in a poor Santiago neighborhood has had four fires in the last two months. An outspoken Christian Democratic leader, Jorge Lavandero, was recently dragged from his car and badly beaten by unidentified men.

The hopes of the country's mainline opposition, from left to right, have rested with talks with the government, but the discussions have been stalled since last year. The Democratic Alliance, a centrist coalition of five parties led by the Christian Democrats, has demanded that General Pinochet resign and that a constitution approved in a 1980 plebiscite be canceled before

(Continued on Page 2, Col. 5)

INSIDE



El Salvador's president-elect, José Napoleón Duarte, and the U.S. secretary of state, George P. Shultz, after holding talks in Washington. Mr. Duarte said he would never ask U.S. troops to fight in El Salvador. Page 5.

■ Knoxville's World's Fair, which the city hoped would spur renewal in the area, has left a legacy of debt and dashed expectations. Page 3.

■ Mondale campaign officials have spent \$17 million and are close to the federal ceiling on expenditures. Page 3.

■ The United States rejected a suggestion it will have to pay its 1985 UNESCO contribution even if it pulls out. Page 5.

■ The strike in West Germany spread, but talks between the union and employers were set for Thursday. Page 5.

BUSINESS/FINANCE

■ Beatrice Foods' board voted to proceed with a \$2.5-billion offer for Esmark Inc. Page 9.

■ Durable-goods orders in the United States plunged 6.4 percent in April. Page 9.

TOMORROW

■ In Alaska, a stranger killed 7 of 75 inhabitants in a remote hamlet.

Culture Shock Across the Berlin Wall

Emigrés, Amazed by Wealth of West, Still Miss the East

By James M. Markham

New York Times Service

HAMBURG — The first day Johannes Lawrence and his family arrived as refugees from East Germany, they visited a fashionable Hamburg department store.

Anne-Kathrin Lawrence, 6, ran through the aisles shrieking to her red-faced parents: "Look at this! And look at this! And look at this!"

Mr. Lawrence was so overwhelmed by the store and the abundance of the capitalist system that he walked numbly out and meditated on a park bench over "how unfair it is that there is so much over here and so little over there."

A white back, the school Dominique Helling attends here decided to go "on strike" for a day to protest the deployment of new NATO missiles in West Germany.

But after talking the matter over with his family, newly arrived from East Germany, the 16-year-old boy decided against taking part in a protest that failed to mention new Warsaw Pact missiles stationed in his former homeland. Also, like other transplanted East German students, he finds speaking his mind against people in authority a heady novelty.

Ingeborg Kellner, a 33-year-old model who got out of East Germany by arranging a bogus marriage in the West, says that in East Germany people help each other more "because they have no other choice and because during the day they do things that are so meaningless."

"If someone over there gets 50 bananas, he would never sit in his room and eat them all," she said. "He would call all his friends and have a party."

The scattering of experiences and comments catches the joy, bewilderment and occasional nostal-

gia that have colored the lives of many of the 25,400 East German refugees who have arrived in West Germany this year in the biggest side of legal emigration since the Berlin Wall went up in 1961.

The East German government appears to have opened the gates to get rid of malcontents and to cultivate an image of liberality. But since Easter the number of refugees arriving at clearance centers in West Germany has tapered off.

Many of the refugees bubble with an almost childlike happiness over West Germany's political freedom and material wealth. But, in the next breath, they voice lingering affection for the Germany they

have left behind, where a leader, oppressive political system paradoxically seemed to make friends deeper and the pace of life slower, less hectic.

They are bemused to find that West Germans often regard them as somehow "nicer," unspoiled by the hazy pressures of a consumer society. But they are sometimes shocked by how little their new compatriots know about the "other" Germany.

The new emigration from East Germany has put to a peculiarly human test the traditional West German political talk about Germany's indivisibility.

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Shanghai Decides To Create Airline

Los Angeles Times Service

BEIJING — Mayor Wang Daohua of Shanghai disclosed here Tuesday that his city was establishing its own airline to compete with the Civil Aviation Administration of China, the state carrier, which has been heavily criticized for mismanagement and poor service.

Mr. Wang said that Shanghai was looking for foreign partners for the venture — one of the boldest of the current economic reforms — to attract technology, management expertise and marketing skills as well as capital from abroad.

The mayor said the Shanghai plan provided for domestic and international flights.

Last week Prime Minister Zhao Ziyang called for an end to the state monopolies or which China's economy has been based since the Communist revolution in 1949.

Iran Is Judged Unlikely To Step Up Gulf Attacks

By Drew Middleton

New York Times Service

NEW YORK — U.S. and allied intelligence experts say Iran has attacked Gulf shipping with U.S.-built F-4s but appears unlikely to step up such operations because of a shortage of military resources.

They note that Saudi Arabia is militarily much stronger than Iran but say it is hesitant, for political reasons, to use its air power.

At the start of the year, British

NEWS ANALYSIS

sources estimated that Iran had 70 aircraft capable of combat. About 15 were F-4 Phantoms.

Under Shah Mohammed Reza Pahlavi, Iran bought 144 Phantoms. But that number has been sharply reduced by losses in the war with Iraq, inability to obtain spare parts and poor maintenance.

The shah's government bought 77 of the advanced F-14s, but many were reported to have been sabotaged by their pilots and ground crews after the shah was exiled in 1979 and Islamic revolutionary forces seized power.

Intelligence experts say that only about five of Iran's F-14s are serviceable and these only for reconnaissance because they lack missiles and firing mechanisms.

One intelligence analyst said Gulf nations were reluctant to begin even defensive operations against attacks on tankers by Iran's Shiite Moslem government.

The hesitancy, the intelligence

analyst said, reflects a fear of the impact of such action on the Arab nations' own Shiite populations.

There is a large Shiite minority in mainly Sunni Saudi Arabia, principally in the eastern districts where oil is refined and stored. Three years ago, the Saudi government, disturbed by what it considered seditious activities, reinforced security in the region and clamped down on dissidents distributing anti-government pamphlets.

The Saudi Air Force is said to have 170 combat aircraft, including 65 F-5Es, 24 F-5Fs, both types U.S.-built, 15 British-made Lightnings and 42 advanced F-15s.

Intelligence experts say these aircraft could patrol the Gulf to ward off, if necessary, to intercept and attack Iranian aircraft. But they question whether either the pilots or the command and control systems are up to the task.

One solution, they say, would be to use U.S. AWACS surveillance planes based in eastern Saudi Arabia to guide Saudi fighters.

Intelligence experts note that the United States has the resources to police the air over the Gulf. There are six U.S. ships in the Gulf, with the LaSalle, a converted amphibious craft, their flagship and communications center.

The main U.S. strength rests with the carrier Kitty Hawk in the northern area of the Arabian Sea just outside the mouth of the Gulf. The Kitty Hawk carries A-6E and A-7 strike aircraft and F-14 fighters.

U.S. Court Rules Bias By Law Firms Is Illegal

(Continued from Page 1)

fendant in a libel suit. The press has argued that the protective order is a "prior restraint," which is presumptively unconstitutional.

The case before the court was an appeal by two newspapers in the state of Washington, the Seattle Times and the Walla Walla Union-Bulletin, from a decision by the state's supreme court. That court had upheld a protective order issued in a libel case brought against the two papers by Keith Rhinehart, the leader of a small religious sect.

In preparing their libel defense, the newspapers sought and received an order compelling Mr. Rhinehart to supply information about the foundation's financial affairs, donors and members. After Mr. Rhinehart asserted that public release of the information would subject his members to harassment, the trial judge issued an order barring the newspapers from publishing the information or making it available to other news organizations. The order applied only to information obtained through the discovery process.

The papers appealed on the ground that a court order limiting expression could be based only on a "compelling governmental interest."

The Washington high court rejected the argument, and the Supreme Court upheld that decision. The second decision Monday was an appeal from a decision of the Supreme Court of Georgia by two men convicted of commercial gambling. Before trial, they challenged the admissibility of the state's wiretap evidence. The judge ordered a pretrial hearing and granted the prosecutor's request to close the proceeding on the ground that the tapes to be played in court might implicate other people.

The state supreme court rejected the defendant's argument that the closure violated the Sixth Amendment right to an open trial. The decision Monday overturned that ruling.

The court held that once a defendant has requested an open hearing, the hearing can only be closed if there is an "overriding interest" in closure, the closure is as limited as possible, and there are no reasonable alternatives.



Prime Minister Olof Palme at a Stockholm press conference Tuesday on the peace plan.

'4-Continent Peace Initiative' Issued

By Don Oberdorfer

Washington Post Service

WASHINGTON — Six political leaders in Africa, Asia, Europe and Latin America called on the United States and the Soviet Union on Tuesday to break the deadlock on nuclear negotiations by agreeing to halt further testing, production and deployment of atomic weapons.

A joint statement was issued in their six capitals after nearly a year of consultations. It was described by some participants as a step toward a summit meeting of their countries this summer, toward the drafting of a treaty on control of nuclear weapons and toward an effort to persuade Washington and Moscow to accept the plan.

The signers of the "four-continent peace initiative" were Prime Minister Indira Gandhi of India, President Miguel de la Madrid of Mexico, President Julius Nyerere

of Tanzania, Prime Minister Olof Palme of Sweden, Prime Minister Andreas Papandreu of Greece and President Raul Alfonsin of Argentina.

The Reagan administration in the past has opposed domestic "nuclear freeze" proposals similar to the plan of the six leaders. The Soviet Union has favored such a freeze on several occasions, but its probable reaction to the current initiative is clouded by the refusal of President Nicolae Ceausescu of Romania to join the initiative despite earlier indications of interest.

The statement of the leaders said, "The escalating arms race, the rise in international tensions and the lack of constructive dialogue among nuclear-weapon states has increased the risk of nuclear war."

Saying that "agreements which merely regulate an arms buildup are clearly insufficient," the leaders

urged, "as a necessary first step," a halt to all testing, production and deployment of nuclear weapons and their delivery systems by the nuclear nations. This should be "immediately followed" by substantial reduction in nuclear forces, the statement said.

A State Department spokesman, John R. Hughes, said Tuesday that coming out of the meeting would give the 10 member states ample time to ratify the enlargement of the community to Spain and Portugal could join on Jan. 1, 1986.

Mr. Marin said he hoped the EC would make new proposals after European parliamentary elections scheduled for June 17 to 20. He said he believed there would still be time to achieve entry in 1986 if the negotiations were completed by the end of this year.

The EC is offering a three-year transition period before Spain's weak industry is exposed to free competition but asks that, for up to 10 years, Spain refrain from exporting its competitive agricultural products.

The EC has proposed that Spain have its vineyard cultivation by scaling down on replanting but has not made similar concessions, Mr. Marin said.

"We are ready to make sacrifices, but if the philosophy of the community is that all of its problems can be solved by demanding one-sided sacrifices from its new members, then we are not going to join," he added.

He said there were indications that the EC would set equally unacceptable terms on fishing along the lines of a proposal to keep Portugal's fleet out of EC waters for 10 to 20 years.

Spain Says EC Entry Terms Are One-Sided

September Deadline Is Unlikely to Be Met

Reuters

MADRID — The Sept. 30 deadline for talks on Spain's entry into the European Community is not likely to be met because the terms offered to Spain are too one-sided, Spain's chief negotiator, Manuel Marin, said Tuesday.

"Public opinion could never accept them in their current form," he said.

"The negotiations are going badly and it looks technically very difficult for us to finish by September," said Mr. Marin, who is secretary of state for European Community affairs.

Madrid had agreed with the EC member countries to set the deadline at Sept. 30. Spain hoped that meeting the date would give the 10 member states ample time to ratify the enlargement of the community to Spain and Portugal could join on Jan. 1, 1986.

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WORLD BRIEFS

Manila Opposition May Refuse Seats

MANILA (AP) — The opposition leader, Salvador H. Laurel, said Tuesday that winning opposition candidates may refuse to take their National Assembly seats until vote fraud cases are settled.

Speaking at a news conference along with other Marcos opponents, he said that if the election had been fair, the opposition would have won enough seats to control the assembly. Laurel also said that Mr. Marcos' party outspent the opposition by a 1,000-to-1 ratio in the election campaign. He said Mr. Marcos had spent \$320 million and opposition candidates \$250,000.

The latest official results in the second week of vote tallying for the May 14 election gave Mr. Marcos' New Society Movement 86 seats and opponents 50, out of a total of 183 seats at stake. An independent counting organization's latest unofficial returns showed opposition candidates leading in a majority of the 47 undecided races.

Solidarity Adviser's Election Annulled

WARSAW (AP) — For the second time in a week, Poland's Communist authorities have invoked special powers to annul the election of a Solidarity adviser as rector of a major university, the government spokesman, Jerzy Urban, said Tuesday.

The Polish leader, General Wojciech Jaruzelski, vetoed the election of Klemens Szaniawski, who was voted rector of Warsaw University on May 9 by a 204-66 margin over the government candidate and current rector, Kazimierz Dobrowolski.

"The objection was motivated by the fact that Professor Szaniawski would not promise to direct the university in accordance with the letter and spirit of the law on higher education stipulating the socialist character of our schools," Mr. Urban said. Last week, General Jaruzelski vetoed the election of another Solidarity adviser, Andrzej Wiktor, as rector of Boleslaw Bierut University in Wrocław.

Lawyers Request Reagan Inquiry

WASHINGTON (UPI) — Charging "the biggest cover-up since Watergate," two public-interest lawyers asked a full federal appeals court Tuesday to sanction a judge's order for an independent investigation of Ronald Reagan's 1980 presidential campaign.

The lawyers also said they would request a special court to allow an outside counsel probing Attorney General-designate Edwin Meese 3d's financial dealings to expand his inquiry and explore how papers from the Jimmy Carter White House reached the Reagan campaign.

John Banzhaf and Peter Meyers said they would continue their court battle challenging the Justice Department's decision to close its investigation "to make clear to the public the extent of the biggest cover-up since Watergate." A three-judge panel of the U.S. Circuit Court of Appeals for the District of Columbia last week stayed an unprecedented ruling by U.S. District Judge Harold Greene, who ruled in favor of a private petition by Mr. Banzhaf and Mr. Meyers.

U.K. Ulster Minister Wants to Resign

LONDON (AP) — James Prior, the secretary of state for Northern Ireland in the British cabinet, signaled Monday that he has had enough. He said in a radio interview that after three years in one of the most difficult jobs in British politics he wants to get out by this fall and he does not expect Prime Minister Margaret Thatcher to offer him another post. "I think probably the time comes when a fresh mind ought to be brought in. I think I probably have done about as much there as I am going to do ... I would not be surprised if this was my last job in government."

Mrs. Thatcher's staff said she had no advance warning of Mr. Prior's comments. A spokesman said there are no signs of a cabinet reshuffle before the fall — if then, and that Mr. Prior's remarks had not changed the position.

7 Slain in Attack on Mosque in India

BOMBAY (UPI) — Hindus attacked a mosque near Bombay Tuesday, killing seven persons, while authorities said Sikh militants were responsible for 18 deaths in the northern state of Punjab in the last three days. Authorities in Punjab said the victims of Sikh gunmen included six Hindu bus passengers, a member of Prime Minister Indira Gandhi's ruling Congress-I Party, a policeman, two government workers and eight others in separate attacks since Sunday. The killings brought to 221 the number of people killed in Punjab in 12 weeks of clashes between Sikhs and Hindus.

Police said a Hindu mob fatally stabbed seven Moslems as it tried to set fire to a mosque in Bhatinda, about 25 miles (40 kilometers) from Bombay. More than 4,000 army troops patrolled 11 areas of the city in an attempt to halt six days of clashes between Hindus and Moslems.

Genscher Is Pessimistic on Arms Talks

MOSCOW (Reuters) — Foreign Minister Hans-Dietrich Genscher of West Germany said Tuesday that he saw no sign that Moscow was ready to resume nuclear arms reduction talks in the coming months.

After meeting with President Konstantin U. Chernenko and Foreign Minister Andrei A. Gromyko, Mr. Genscher, asked at a news conference if he thought the Kremlin might reopen the talks before the U.S. presidential election in November, replied: "I have seen no indication of that."

He said he had used his meetings to urge the Soviet leaders to reopen U.S.-Soviet talks on strategic and medium-range nuclear arms but made it clear that he had been given no assurances in reply. Tass news agency quoted Mr. Chernenko as saying that appeals for a return to the negotiating table while new U.S. missiles were deployed in Western Europe "cannot be regarded as serious."

Lebanese Bomb Attack Backfires

BEIRUT (UPI) — A guerrilla attack on Israeli occupation soldiers in southern Lebanon backfired Tuesday when a bomb explosion wounded three Lebanese civilians in the port city of Sidon, Beirut radio reported. The leftist Sunni Moslem Murabitoun radio said some Israelis were also wounded, but this report was not confirmed. Also unconfirmed was a Druze radio report that 15 prisoners escaped from Israel's Ansar detention camp in southern Lebanon.

In the third straight day of guerrilla ambushes, Beirut radio said the guerrilla target was a joint patrol of Israeli soldiers and militiamen of the Israeli-backed South Lebanon Army. The explosion was aimed at an Israeli patrol accompanied by a patrol of the South Lebanon Army in the main street of Sidon, the radio reported.

USA Today Studies European Sales

ROCHESTER, New York (AP) — Allen H. Neuharth, the chairman of the Gannett Co., told shareholders Tuesday that the price of the USA Today newspaper will rise by 10 cents an issue this summer, to 35 cents, and that the company is studying whether to test marketing the paper in Europe this summer.

"All trends are moving in the right direction," for the national newspaper, Mr. Neuharth said at the annual shareholders' meeting. He said that a European edition would be condensed to about 16 pages and would be flown from New York to London and Frankfurt during proposed "test-marketing." If successful, he said, the paper would be transmitted electronically by satellite to printing plants in Europe by late 1985.

For the Record

A French patrol vessel fired blank shots and threatened to open real fire before it arrested a Spanish trawler Monday night on suspicion of illegal fishing in the Bay of Biscay, officials said Tuesday. In March, relations between France and Spain were strained when a French vessel opened fire on two Spanish trawlers, wounding nine crewmen. (Reuters)

A strike by Copenhagen bus drivers, protesting the resignation of nine colleagues from the Special Workers' Union over its support of the opposition Social Democratic Party, caused widespread traffic jams Tuesday in the Danish capital. The 10-day-old strike aims to force the city company to dismiss the nine unless they resign the union. (UPI)

A Yugoslav university professor, Vojislav Seselj, who was arrested after being suspended from his post for open criticism of the Communist regime, went on a hunger strike Monday in a Sarajevo prison, his wife said Tuesday. He is under investigation for alleged "counterrevolutionary work." (AP)

The U.S. Senate, on a 95-0 vote, passed a bill Tuesday designed to expedite disability relief to veterans suffering certain rare diseases as a consequence of their exposure to Agent Orange in Vietnam or to radiation from atomic explosions in World War II. Similar legislation has been approved by the House. (AP)

French space officials in French Guiana announced that the countdown was proceeding on schedule for Tuesday night's launch of the European rocket Ariane which will be carrying a U.S. communications satellite. (Reuters)

Correction

A senior French arms-sales official, Jean-Marie Carnet, has been suspended from his post at the Defense Ministry following an inquiry into insider trading of Thomson-CSF stock. In Tuesday's edition, he was incorrectly identified in a headline as an official of Thomson.

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WATERFRONT LIVING

Culture Shock for Emigrés

(Continued from Page 1)

here is the difference between night and day." Mr. Lawrence's work for the church journal in the East taught him the inhibiting necessities of self-censorship.

The Lawrences have been warmly received and helped by relatives and new friends in Hamburg and live in an airy, government-subsidized apartment, but at times they still feel like foreigners.

"So many people say they like to talk to East Germans because we are so friendly and open," Mrs. Lawrence said. "They often say that the D.D.R. is 'so exotic.' I find that terrible."

The Lawrences recounted meeting a wealthy, world-traveled 65-year-old Hamburg professor who was surprised to learn that it was possible to visit East Germany. Refugees are often counseled by friends not to say they are from East Germany, since suspicion of agents smuggled in is strong.

The discovery by refugees that they are widely regarded as nicer than the native West Germans leads to ironic musings on the unintended benefits of dictatorship.

"Over there the human contacts are stronger," Marina Wolff-Bühr-

ing, a West German social worker, acknowledged. "It's the pressure of the state from above that brings the people together."

Miss Kellner, the model, said, "If a lot more people from the D.D.R. came over here and were sprinkled around, it would be a lot healthier place."

But Miss Kellner emphasizes that she is delighted to be here, and one of the first things she did after arriving was to impulsively seize her 13-year-old daughter to the Costa del Sol. Like many penniless East Germans, Miss Kellner had for years dreamed of seeing the Spanish sun.

As they make their new lives in the West, the refugees express surprise at being able to insist on satisfaction from employment and housing bureaus.

"They are astonished that they may complain, that they have a right to talk back to bureaucrats," said Petra Dellius, a Red Cross social worker.

In schools, too, East German children tell of being asked to speak up and give their opinions, something unheard of in East Germany.

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Knoxville World's Fair Leaves a Costly Legacy

Tennessee City Faces Higher Taxes For Now-Deserted Exposition Site

By William E. Schmidt

New York Times Service

KNOXVILLE, Tennessee — The Sunspire, the giant globe of gold-tinted glass that was the symbol of the 1982 World's Fair here, still dominates the low skyline of this Tennessee River city.

But the restaurant on top of the sphere closed two months ago for lack of business. Like most of the World's Fair site sprawling around it, the Sunspire is empty and deserted these days. The only sound is the wind snapping a torn yellow awning near its base.

In New Orleans, there is a new World's Fair under way, the second such international exposition to be held in the United States in less than two years. Promoters there hope that that fair will be the catalyst in turning a century-old warehouse district along the Mississippi River into a thriving convention and business center.

Here in Knoxville, a city less than a third the size of New Orleans, there had been similar hopes that the \$115-million fair would turn a tawdry railroad swidchyard into a thriving city enterprise. But some 20 months after the fair closed, it has left instead a legacy of public debt, empty buildings and dashed expectations.

The fair, built around an energy theme, was regarded as a success in its six-month run. It drew more than 11 million people, earned the city government more than \$25 million in tax revenues and pumped \$500 million worth of tourist trade into the local economy.

But while fair officials were predicting that Knoxville would be the first U.S. fair in years not to lose money, city officials were helping underwrite the exposition with large sums of public tax dollars, an investment justified at the time on the ground that it would spur urban redevelopment.

Now, however, the city not only is left with a deserted fair site, but also must soon go to the bond markets to help pay off about \$57 million of public debt left over from the fair. Even under the best of circumstances, Mayor Kyle C. Testerman, a Republican who took office after the fair was over, says home owners are facing at least an 8-percent increase in property taxes to help retire the debt.

"In terms of what the promoters

promised it would do for Knoxville," said Joseph Dodd, a longtime critic of the exposition who is a professor of political science at the University of Tennessee here, "the fair can only be described as a bust."

The city's problem has been complicated by the collapse of the Tennessee banking empire controlled by Jake Butcher, a flamboyant Knoxville financier who, as chairman of the fair and its most persuasive promoter, used his political and business contacts to drum up support and investors for the exposition.

Not only did the collapse eliminate the source of capital many private developers were hoping for to renovate the site after the fair ended, but worried city officials say it also threatens with foreclosure some projects that had been financed in part with bonds held by Mr. Butcher's banks.

These days, the site of the fair, which follows a narrow valley that runs beside the downtown area, has all the warmth and atmosphere of a ghost town. In addition to the city's new convention center, which served as an exhibition hall in the fair, only two restaurants and a small art shop inside a splendidly renovated railroad station at the edge of the fair site are still doing business.

Meanwhile, plans by former Mayor Randy Tyne, a Democrat who is a close associate of Mr. Butcher, to develop a \$150-million retailing and condominium complex on the fairgrounds have been scrapped because there is no market for such a grandiose project in a city that already has a surplus of empty apartments and vacant downtown storefronts.

Not only is the Sunspire abandoned, but so is the neighboring United States Pavilion, a six-story glass-and-steel white elephant that cost \$12.4 million to build and that was sold last year to the city of Knoxville for \$1 after the government could find no other buyers.

In New Orleans, fair and city officials say they have purposely done things differently to avoid the problems Knoxville encountered. New Orleans, for example, has only a \$2.5-million investment in the fair in the form of a loan guarantee, city officials say, and the fair itself had to pay the city about \$15 million for street improvements.



CAMPAIGN OFFENSIVE — Walter F. Mondale, the Democratic presidential contender, found the smell from a cleanup site for toxic waste offensive when he made a campaign stop in Logan Township, New Jersey.

With \$17 Million Spent, Mondale Close to Ceiling

By Thomas Edsall

Washington Post Service

WASHINGTON — Walter F. Mondale has spent \$17.15 million in pursuit of the Democratic presidential nomination — 85 percent of the total allowed under federal law — and still faces expensive primaries in California and New Jersey.

The danger of reaching the ceiling, along with a declining cash flow, has forced the former vice president to adopt a wide range of austerity measures, including payroll cuts and the use of local volunteers for advance work.

In campaign reports filed Monday with the Federal Election Commission, Mr. Mondale reported spending a total of \$14.95 million through the end of April, out of a federal spending limit of \$20.2 million.

Since then, however, Mr. Mondale has spent another \$1.6 million, and the campaign expects that about \$600,000 spent by supposedly independent delegate committees will be counted against the limit, bringing the total of \$17.15 million, according to Tim Finchem, the campaign's finance director. Mr. Mondale decided last month to return the funds given by political action committees, but because most of the money has been spent, it must be repaid out of his treasury.

[The campaign manager for Senator Gary Hart, Oliver Henkel, demanded Tuesday that Mr. Mondale speed up the process of returning money contributed to his delegate committees. The Associated Press reported from Washington.

[In a letter to Robert Beckel, the Mondale campaign manager, Mr. Henkel said: "The taint continues. Your failure to refund the money means you have money to spend in future primaries that you should be using to keep Mr. Mondale's promise."

Senator Hart, a Colorado Democrat, reported spending only \$9.2 million on his presidential campaign through the end of April. Senator Hart's fund raising fell off sharply during April, with a total of \$1.49 million, compared with \$3.05 million in March.

Despite the decline, the cash flow to Senator Hart remained somewhat above the flow to Mr. Mondale, who raised \$1.28 million in March and \$1.1 million in April.

While Senator Hart's fund raising remains slightly above Mr. Mondale's, he also has borrowed heavily. He listed debts of \$4.6 million, compared with \$1.9 million built up by the Mondale campaign. Mr. Finchem contended that the \$20.2-million ceiling was not a major problem for Mr. Mondale.

He said that a more serious problem facing the campaign was to decide whether to go all the way to the ceiling, which would force the campaign to borrow money now. Such borrowing would mean that Mr. Mondale, if nominated, would go into the general election carrying a debt, Mr. Finchem said.

■ Primary in Idaho

Idaho voters went to the polls Tuesday in a nonbinding Democratic presidential preference vote in one of Senator Hart's Western strongholds. The Associated Press reported from Boise.

U.S. Re-examining Language Teaching

By Fred M. Hechinger

New York Times Service

NEW YORK — The U.S. secretary of education, T.H. Bell, considers his "greatest disappointment" the public schools' failure to improve the teaching of foreign languages.

His comments at a recent briefing of education columnists on the state of education seemed to reflect the Reagan administration's current re-examination of its earlier policies. Some critics have attacked those earlier policies as having starved the universities' foreign language and international studies and research as well as foreign exchange programs.

As an example of the administration's apparent change of heart, it recently asked for a \$20.3-million increase for Fulbright fellowships and other programs involving the exchange of students and scholars between the United States and other countries. In addition, the administration asked for \$24.6 million to let undergraduates from Central America study on American campuses.

And last week Mr. Bell told a national assembly of organizations concerned with international affairs that the population of United States "is one of the most undereducated in global matters of any nation in the world."

Even these second thoughts, after years of neglect, leave the administration's approach to foreign languages and international studies in a contradictory state.

For example, the American Council on the Teaching of Foreign Languages reported in its May newsletter that the president's proposed budget for the fiscal year 1985 did not include any funds for the Department of Education's Of-

fice of International Education and Foreign Language Studies.

These issues are being debated in the face of sharp criticism that past policies have left international education seriously undernourished.

Cassandra Pyle, vice president of the Division of International Education at the American Council on Education, wrote recently, "The movement of scholars and students between the United States, Asia, and Europe alone has diminished at the very time international competition in the trade, agriculture, technology, defense and security areas is flourishing."

Commenting on "our shortfall in international competence," she asserted, "All too often, our foreign policy, or for that matter international corporate business decisions, proceed from erroneous premises about other countries."

She cited a steady decline in the support for the Fulbright program, under which students and scholars have been exchanged between the United States and other countries since its creation in 1946 by Senator J.W. Fulbright. According to the former senator, participants in the Japanese Fulbright program alone have produced 30 ambassadors and dozens of corporate executives, government officials and university professors with international interests.

This year's proposal for increased financing should be measured against previous cuts. In 1981, for instance, the United States Information Agency reduced the Fulbright and related exchange programs by 60 percent.

Moreover, Miss Pyle added, the administration's proposed 1985 budget would eliminate all financing for language and international studies under the Higher Education Act, for which Congress has appropriated \$25.8 million this year. Federal foreign language and area studies fellowships declined from 2,557 in 1969 to 800 this year.

The educational institutions' record is equally flawed. Most elementary schools and one-fifth of all

high schools offer no foreign language instruction.

Earlier this month, a report prepared for the Department of Defense by the Association of American Universities called for "carefully targeted investments" to close serious gaps in research and teaching of certain Asian and African languages.

Also, a measure introduced by Representative Paul Simon, an Illinois Democrat, recently passed in the House by a vote of 265 to 120, would provide up to \$50 million a year over three years to improve foreign language teaching. It would establish foreign language summer institutes for high school students and elementary and secondary school teachers.

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Journalists Condemn SEC Disclosure Bid

By Eleanor Randolph

Washington Post Service

WASHINGTON — In the language of the Securities and Exchange Commission, it looked harmless. A reporter has a duty to disclose any financial interest to his readers, the SEC said in its lawsuit May 17 against a Wall Street Journal reporter, R. Foster Winans, who has been charged with taking \$31,000 in exchange for stock tips.

But journalists and lawyers who keep track of constitutional protections of the press have raised a chorus of protest, suggesting that if the courts agreed with the SEC, it could be a serious step toward government control of journalists in the United States.

"For government to say what newspapermen have to do as a precondition to serving as journalists is very troubling to anyone concerned with journalism," said Floyd Abrams, a Manhattan lawyer who specializes in press issues.

"I think they're in the wrong pew. It's insane and off the wall," said Don Reuben, a lawyer for the Chicago Tribune.

Mr. Winans, 35, a reporter on The Journal's "Heard on the Street" column until he was fired in March, has been accused of leaking word of column items so that he, his male roommate, two stockbrokers and a Manhattan lawyer could profit on the stock market.

The trading ring, according to the SEC, had gross gains of \$900,000 and losses of \$200,000 over a four-month period ending in February.

Journalists and news executives say that although they found Mr. Winans' alleged actions "reprehensible," as one put it, they also believe that the SEC's lawsuit threatens newspapers with liability for reporters who do not disclose such financial interests.

"The idea that we should be subject to liability because we have a duty to the public to disclose connections and investments makes sense for licensed brokers but not for journalists," said Gerald L. Warren, editor of The San Diego Union. "If it could be proved that people must be able to rely on reporters to make money on the stock

market and then when a stock deal goes sour, they have a right to sue publishers, that's very serious."

The Winans case poses a number of other troubling issues for journalists, especially the question of whether information available to a newspaper reporter is "inside" information in a legal sense. Until recent years, an insider was usually defined as a corporate executive who knew company activities and traded on that knowledge at the expense of other stockholders.

But because of the power of the press, and especially the ability of the "Heard on the Street" column to move stocks, the SEC is suggesting that the laws against insider trading apply whether one is an insider or "an employee entrusted with confidential information by his employer."

The Winans case comes at a time when several politicians and some press critics have suggested that reporters should be required to file conflict-of-interest statements and reveal financial holdings in much the same manner as politicians. Senator Alfonse M. D'Amato, a New York Republican, has been sponsoring legislation that would define "insiders" so as to include journalists.

"It seems to me to put a new twist on business reporting," said Gilbert Cranberg, a professor of journalism at the University of Iowa. "Any reporter who does his job and does it thoroughly is not answerable to anybody unless he libels someone, and then he goes to court."

"Here it sounds like somebody becomes an insider by digging out information anybody can get," he said.

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U.S. Rejects '85 Payment To UNESCO

Contribution Should End At Pullout, Delegate Says

By Henry Tanner

International Herald Tribune

PARIS — Amadou Mahtar M'Bow, the UNESCO director-general, said Tuesday that the United States might be asked to contribute to the organization's 1985 budget even if it withdraws at the end of this year, as planned. But Jean Gerard, the U.S. delegate, rejected the idea.

Mr. M'Bow told the organization's 51-member executive board that if its members were divided on the question, the board might consult the International Court of Justice in The Hague.

He said that a UNESCO study that he had ordered had concluded that the United States was obliged to pay a 1985 contribution.

But he added that UNESCO's own chief legal officer, K. Vasak of France, did not agree with this finding.

Mr. M'Bow said the Indian delegate, T.N. Kaul, had suggested earlier that if a member state left UNESCO in the middle of a two-year budgetary period, its financial obligation would extend to the entire two-year period. The Italian delegate, Gian Franco Pompei, also raised the issue.

UNESCO's general conference last December adopted a two-year budget of \$374 million for 1984 and 1985. The U.S. share of this is 25 percent. Contributions are calculated on the basis of gross national product.

Nations Gerard, taking the floor immediately after Mr. M'Bow, said that American legal experts had concluded that the U.S. financial obligation would end on the date of withdrawal.

"We, too, have studied the question, and we are firm in our conclusion," she said.

Mr. M'Bow made his remarks while concluding a policy debate on suggested reforms of activities and procedures of the United Nations Educational, Scientific and Cultural Organization.

Several delegates expressed surprise that he had raised the issue of the contribution and unnecessarily injected a contentious note into the debate.

Several delegates said privately that if a member state withdrew from the organization at the end of a calendar year after having given the 12-month notice required by the rules, it was obvious that its financial obligation expired at the same time.

On reforms, Mr. M'Bow reported that he had started assembling groups of experts to make recommendations on how UNESCO's operations could be improved in five areas: recruitment of personnel, administration, decentralization of the secretariat, budgetary techniques and methods of evaluation of programs.

On Tuesday, he defended the efficiency and devotion of the secretariat staff and indicated that he felt much of the criticism by board members during the last few days had been unjustified.

The executive board is due to end its session Thursday with agreement on the creation of a working group consisting of board members from various regions with the mandate to make proposals for far-reaching reforms to its next session in September. The terms of reference of the group have not yet been agreed upon.

Peruvian Airlines Lose U.S. Rights

United Press International

WASHINGTON — The United States has canceled landing privileges for the Peruvian national airline, Aeroperu, in what a spokesman for the air carrier said was an unprecedented act against a friendly nation.

The Civil Aeronautics Board said it had decided Monday to revoke the landing rights for Aeroperu, as well as the smaller Faucett and Aeronautes del Peru airlines, because of violations by the Peruvian government of existing agreements governing flights.

A spokesman for the CAB said that the agency lifted the landing rights because of Peru's refusal to allow Eastern Airlines to pick up passengers in Lima on its way to Argentina. He added that Peru's permit originally expired last November.

Ranks Are Reinstated As China Shakes Up Army

United Press International

BEIJING — China announced a major restructuring of its 4.5-million member military Tuesday, including the reinstatement of ranks and a new draft system.

The changes were announced in a speech to the National People's Congress, China's nominal parliament, by Yang Dezhi, the chief of general staff.

He said ranks, which were abolished in 1965 because of complaints of elitist attitudes in the People's Liberation Army, had been reinstated. Such a move had been discussed since the 1979 Chinese-Vietnamese war, when the absence of uniform insignias caused confusion on the battlefield.

Mr. Yang said that all men 18 to 22 years old would be eligible for military service. Women in the same age group "may be eligible if needed by the army," he said, and boys and girls under 18 may be enlisted if they are needed and volunteer. Deferments will be granted for full-time students and those supporting a family.

He said the terms of active service for draftees would be three years for ground forces and four years for the navy and air force. Volunteers will sign up for 8 to 12 years, he said.

The country's militia, which is engaged primarily in public works projects, will be integrated into an army reserve force, Mr. Yang said.



Striking workers outside a metal plant in Frankfurt bundled up against the cold Tuesday.

W. German Strike Continues to Spread

Reuters

BONN — More than a quarter of a million West German workers were estimated to be idle Tuesday as strikes and lockouts continued to escalate in the dispute over union demands for a shorter workweek. That figure was expected to rise by at least 100,000 by week's end if the conflict is not resolved.

Employers in the state of Baden-Württemberg locked out 65,000 workers Tuesday in retaliation for a strike Monday by 33,000 members of the IG Metall union in the Frankfurt area.

Meanwhile, the original strike by 13,500 workers at key automobile parts factories in the Stuttgart area entered its ninth day.

A spokesman for Daimler-Benz, which manufactures Mercedes cars and trucks, said that about 60,000

of its employees were out of work. These included about 11,000 officially on strike and others affected by strike-related parts shortages.

At least 100,000 more workers are estimated to have been laid off across West Germany.

A spokesman for Volkswagen, which has 115,000 employees in its manufacturing plants, said it could not maintain output past Thursday unless its suppliers go back to work.

That would agree with a Federal Labor Ministry prediction that at least 350,000 people would be out of work by week's end — not as of Tuesday, as was erroneously reported — if the industrial conflict is not ended.

Leaders of the employers association and of the IG Metall union, Europe's largest with 2.6 million

members, are scheduled to hold talks Thursday to seek ways to resolve the dispute.

But Hans Mayr, IG Metall's national leader, said the union was sticking to its demand for shorter hours. And employers said they would continue to resist fiercely any reduction in the 40-hour week.

Observers saw some hope in the opening Tuesday of talks between publishers and leaders of the IG Druck and Papier print union, IG Metall's main backer in the dispute. An agreement in these secret talks could help bring a settlement in the engineering and metal industries, industry analysts said.

The industrial unrest has lowered the value of the Deutsche mark and of auto industry shares on the stock exchange.

Filling of New Reservoir in Gorki Threatens to Flood Parts of the City

By Theodore Shabad

New York Times Service

NEW YORK — The Soviet press has reported that parts of the Volga River city of Gorki, the third largest industrial center of Europe, may soon be under water as a result of the filling of a new reservoir.

The Moscow newspaper Sovetskaya Rossiya, disclosing the problem under the headline "Alarm in the Flooding Zone," said May 4 of the present spring flood stage.

"Ground water has been rising in some places to the level of the first floor in residential buildings and is posing a real threat to the foundations and engineering lines of some industrial plants," it said.

The city of Gorki, with a population of 1.4 million, has been in the news as the place of banishment of Andrei D. Sakharov, the physicist and rights advocate, who is forced to live there to isolate him from Western contacts. As a center of the military-industrial complex in the Soviet Union, the city is closed to foreign visitors.

Gorki is situated at the mouth of the Oka River, which divides the city into an older upper town, overlooking the Volga from high bluffs, and a low-lying section, with many of Gorki's industries and worker housing projects. The city was known as Nizhni Novgorod until 1932, when it was renamed for a famous native son, Maxim Gorki, the writer.

It is the lower town that is said to be in danger of being inundated by the construction of a 1,400-megawatt hydroelectric dam at Cheboksary, 130 miles (210 kilometers) downstream. The reservoir behind the dam has been steadily filling since the first electric power was produced in January 1981. The backing up of the reservoir has now reached Gorki and caused the rise in the ground water level.

According to the paper, dikes were to be built along the shores of the Volga reservoir to protect not only Gorki, but other towns, fertile farm land and historical architectural sites such as the ancient Mariyev monastery, where Russian tsars used to be held in the 17th and 18th centuries.

But jurisdictional disputes over

which arm of the Soviet government should pay for the dikes have put construction behind schedule while the water in the reservoir has continued to rise, Sovetskaya Rossiya said. The situation has become serious during the spring floods, when rivers are high.

"Many streets in the lower town turn into rivers, halting the movement of transport," the Moscow daily said. It voiced concern over the future because the water in the Cheboksary reservoir still has to rise about 15 feet (4.57 meters) to reach its designed level.

The paper said that in the 19th

century, when the lower town of what was then Nizhni Novgorod succeeded the Makaryev monastery as the site of the great Russian fair, "our forefathers had the foresight to deepen the channels of small local streams and to build canals" to drain the low-lying ground during spring floods.

But in the urban expansion that followed the Bolshevik Revolution, the fairgrounds were closed in 1936 and the area began to be built up with residential developments and large industrial plants that discharged their wastes into the old drainage ditches.

'Chunnel' Is Feasible, Banks' Study Asserts

Compiled by Our Staff From Dispatches

PARIS — A tunnel under the English Channel — an engineers' dream since Napoleon's times — can be built with private funds, but only if Britain and France provide financial guarantees, according to a study released Tuesday.

A feasibility report by three French and two British banks put initial capital cost at about \$2 billion (\$2.8 billion). The report said inflation and interest charges would drive the price up to \$7.5 billion by completion.

The report said money generated by fares would repay all loans by the tunnel's eighth year of operation.

The five banks are Credit Lyonnais, Banque Nationale de Paris and Banque Indosuez of France, all state-owned, and Britain's privately owned National Westminster Bank and Midland Bank.

The report insisted that state guarantees are needed to prevent one side from pulling out for political reasons. Marcel Sarment of Credit Lyonnais said at a news conference to present the 350-page study.

The report said construction could start in 1986 and be completed in 1993 — 191 years after Napoleon's engineers drafted the first Channel tunnel plan, a paved road for horse-drawn carriages.

Mr. Sarment said the British and French transport ministries commissioned the report on possible projects that would require no state contributions.

The report, released simultaneously in Paris and London, said the private sector alone could not undertake such an "extremely difficult project." But financing from national budgets is not essential, the report added.

"The only proposal which is both technically acceptable and financially viable from a banking viewpoint is the twin-bore rail tunnel," the report said.

The plan involves two 7-meter (23-foot) rail tunnels that could also transport motor vehicles under the 23-mile (37-kilometer) Strait of Dover.

Alternatives included a road bridge and a combined bridge and tunnel. But on similar terms, the bridge would cost \$13.6 billion and the combined link \$54 billion.

As the banks released the report, British government sources said Prime Minister Margaret Thatcher remained reluctant to commit any

state funds. The British transport minister, Nicholas Ridley, said, "It has been and remains the government's firm position that any project would have to be financed entirely without the assistance of public funds and without commercial guarantees by the government."

The Midland Bank chairman, George Barrett, put the chances of the tunnel being built at "slight odds in favor." (Reuters, AP)

Bishops' Conflict With Sandinists Grows

By Stephen Kinzer

New York Times Service

MANAGUA — In the last four weeks, the conflict between Nicaraguan bishops and the government has become more strident than at any time since pro-Sandinist demonstrators disrupted a Mass celebrated by Pope John Paul II in Managua 14 months ago.

On Sunday, Archbishop Miguel Obando y Bravo, a prominent critic of the Sandinist government, offered a Mass here that in some ways resembled an anti-government political rally.

The Church of Santo Domingo de las Sierritas began to overflow well before the Mass, the archbishop's first here since his meeting with the pope in Rome three weeks ago. Worshippers clapped and chanted "O-ban-do!" as he made his way toward the altar.

The archbishop left no doubt that the pope had encouraged him to continue his increasingly militant opposition to the government, which he said was "capable of any barbarity."

To those who say that the only course for Central American countries is Marxism-Leninism, we Christians must show another way," he said. "That is to follow Christ, whose path is that of truth and liberty."

The bishops have become unusually explicit in their condemnations of the government, leading the junta coordinator, Daniel Ortega Saeveda, to denounce them as "false prophets" who he alleged are working directly with the Central Intelligence Agency.

The church will continue to be heard in Nicaragua," Archbishop Obando declared to rising applause. "Persecutors of the church have disappeared, and the church has survived."

Relations between the bishops and the government, which have been poor for some time, took a turn for the worse after the Nicaraguan Episcopal Conference, made up of all nine Catholic bishops, issued a pastoral letter on April 22. The letter urged peace talks with the insurgent forces in Nicaragua. Sandinist officials have repeatedly vowed they will never agree to such talks.

A few days after the letter was issued, Sandinist leaders denounced it at a public meeting in the Sierritas neighborhood of Managua, within sight of Archbishop Obando's church.

"At a moment when the bishops should be taking a patriotic position, they come out with a document which is not only totally against the national interest, but which favors the United States," said a junta member, Sergio Ramirez Mercado.

Mr. Ortega characterized the bishops as part of "a minority that wants to sell out the country" and charged that the pastoral letter was "conceived, calculated and structured by the CIA."

"We do not doubt that some of the bishops have received orientation at the American Embassy in Managua," he said.

Without specifically mentioning the bishops or the pastoral letter, the minister of agrarian reform, Jaime Wheelock, said in a speech Sunday that "the time has now come to take stronger measures against enemies of the revolution who are trying to turn back the people's conquests."

The official Sandinist newspaper, Barricada, has been publishing

a series of old photographs showing various Nicaraguan bishops with the late President Anastasio Somoza. It also published a copy of a typed receipt that it said accompanied a gift of liquor and fruit that Somoza was said to have given Archbishop Obando for Christmas in 1976.

Before the issuance of the pastoral letter and the strong reaction against it from the Sandinist Front, religious ceremonies had only occasionally been political. On Good Friday, for example, an estimated

30,000 Catholics marched in a show of faith that President Ronald Reagan referred to in a speech last week as a "demonstration of defiance" against the government.

But diplomats and participants in the rally said it was no larger than in previous years and had no special religious significance beyond showing that many Nicaraguan Catholics support their bishops. There were no political chants, signs or speeches.

Although the majority of Nicaraguan Catholics are believed to support

the authority of the bishops, the "popular church" continues to flourish. At the Maria de los Angeles Church in Managua a few hours after Archbishop Obando's Mass, about 200 people gathered to listen to one of the most outspoken pro-Sandinist priests, Uriel Molina.

In his homily, Father Molina lashed out at the United States for supporting anti-Sandinist rebels. "What right do they have?" he demanded. "They are responsible for the most terrible crime in history, oppressing another people."

Angry Honduran Students Attack 2 GIs, Burn Their Truck

The Associated Press

TEGUCIGALPA, Honduras — Hundreds of students chased away two U.S. soldiers and set fire to their truck after it crashed into a car outside the university, injuring the car's driver, witnesses said.

The witnesses said the soldiers tried to help the injured driver but were attacked by about 300 students and forced to flee on foot.

Witnesses in Tegucigalpa said the U.S. soldiers' truck and the car crashed Monday evening outside the National Autonomous University campus, seven miles (11 kilometers) north of the capital.

Resentment has been growing among Hondurans over U.S. military exercises in the country aimed at assuring Honduras of U.S. support against neighboring, leftist-led

Nicaragua and demonstrating Reagan administration intentions to protect U.S. security interests in Central America.

About 1,000 servicemen of the U.S. Army and Air Force will join 1,800 Honduran and 1,300 Salvadoran soldiers Wednesday in a new monthlong series of counterinsurgency exercises, the Pentagon said Monday.

Duarte Promises He Will Never Ask U.S. Soldiers to Fight in El Salvador

By Hedrick Smith

New York Times Service

WASHINGTON — President-elect Jose Napoleón Duarte said that he would never ask American troops to fight in El Salvador.

Mr. Duarte said that U.S. troops would not be needed in the Salvadoran civil war. "I have said before emphatically that we will never ask you to send American troops to fight on our soil," he said. "It would be immoral to ask for the lives of young Americans."

At the same time, Mr. Duarte appealed Monday, in a speech to the Foreign Policy Association and World Affairs Council, two organizations that sponsored his visit to Washington, for more U.S. aid without attaching what he described as "degrading" preconditions. He said such conditions would "violate the principle of sovereignty."

On Capitol Hill, the House speaker, Thomas P. O'Neill Jr. of Massachusetts, said the House probably would grant Mr. Duarte's request for more military aid, United Press International reported. Mr. O'Neill said he was impressed by Mr. Duarte's "courage, honesty and decency" and predicted that the House would approve both military and economic aid for El Salvador, although the speaker opposes sending more weapons to Central America.

"I think the votes are here overwhelmingly in the House, despite my opposition to military aid," Mr. O'Neill said. The House is expected to act later this week on the Reagan administration's request for an additional \$62 million in emergency assistance for El Salvador's army.

The Christian Democratic Party leader said in his speech Monday that El Salvador urgently needed aid. He called on Congress to adopt the administration's five-year, \$8-billion aid program for Central America, including \$178 million in military aid this year for El Salvador.

Mr. Duarte, 59, won election May 6 and is to be inaugurated June 1. He said he understood that Americans were impatient at the pace of progress toward democracy in El Salvador, angered by the rightist death squads and eager for an early political settlement of the country's civil war.

But after a day of meetings with President Ronald Reagan and other officials, he rejected strict conditions on military aid advocated by many members of Congress.

"We in El Salvador will not accept unilateral conditions invented by anyone, no matter how well intentioned they may be," he said.

"If we believe in nations governed by their own people, then the people must be given a chance. Give us that chance, that's what I have come to ask," he said.

He pledged to carry out provisions of the Salvadoran constitution and the Universal Declaration of Human Rights.

Mr. Duarte said that he was outraged that those who had murdered four American Catholic churchwomen in December 1980 "have not yet been punished for their crimes." However, he again took issue with conditions imposed by Congress last fall when it voted \$65 million in military aid to El Salvador and then blocked the use of nearly \$20 million of the money until there was a verdict in the case of the slain churchwomen.

"We cannot agree to rigid formula-

las applying specific amounts of aid as rewards or punishment for our successes or failure to reach our goals," he said.

Mr. Duarte also came closer than previously to depicting the Salvadoran civil war in terms used by Mr. Reagan, as a common struggle against the revolutionary Salvadoran left.

He called on Americans, and particularly on Congress, "to share common goals and common risks."

"If together we fail to defend and preserve democracy in El Salvador, we will also share the consequences of defeat," he warned. "If the Soviets, the Cubans and the Sandinistas succeed in reversing our achievements, then the challenge will have to be faced by the United States alone because we may be certain that we the Salvadoran people on the front lines of the fight for freedom today, will not be here to help you. Tomorrow, they will be dead, in prison, or exiled."

Panama's Leader Vows Cooperation To U.S. on Canal

United Press International

PANAMA CITY — President-elect Nicolás Ardito Barletta vowed to cooperate with the United States on operating and defending the Panama Canal and said he was confident the military would hand over power to him.

Mr. Barletta, 45, won Panama's first presidential election in 16 years by 1,713 votes, the narrowest margin in the country's history. The electoral tribunal announced his victory Sunday, two weeks after Panamanians voted May 6. Mr. Barletta, who was backed by the military, defeated Arnulfo Arias Madrid, 82. The military is to turn over the government in October to the new civilian government.

"Relations with the United States will be maintained at a very constructive level of cooperation between equal associates in the operation, maintenance and defense of the Panama Canal," he said.

The president-elect is a U.S.-educated economist and former vice president of the World Bank for Latin America. He said his administration would be open to all political, social and economic sectors.

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INSIGHTS

Even Friends Will Be Watched Closely as U.S. Guards Its High Tech

Last of three articles.

By Joseph Fitchett

International Herald Tribune

PARIS—The Reagan administration has been sweeping new power to the Pentagon and other security-minded agencies to intervene in U.S. trade, even with friendly countries, to protect American high technology from diversion to the Soviet Union.

The administration policy largely overturns a 15-year trend in the United States toward expanding the international flow of technology.

The package of measures, whose sweeping implications seem bound initially to put fresh strains on U.S. diplomacy, includes presidential authority for the Pentagon to review export licenses to countries deemed vulnerable to diversions of technology to the Soviet Union.

The measure will give the Defense Department political leverage in negotiating with foreign governments for more cooperation in stopping leaks of technology. The department agreed to limit its powers to 15 countries at any one time to reassure businessmen that it was not seeking to paralyze trade.

POLITICAL battles continue in the United States over how tightly to control technology exports, but the new administration measures amount to a clear policy direction after two years of turf fights that often undercut U.S. calls for better allied cooperation.

"If Europeans are going to join the crusade, the United States needs to get its own house in order first," a West German liaison officer with the U.S. Customs Service said recently after bureaucratic infighting in Washington nearly ensnared a smuggle of high technology, Richard Mueller, to send computers to the Soviet Union by way of West Germany and Sweden.

The Mueller case, in which U.S. investigations were hampered by the rivalry between the Commerce Department, Customs and the Pentagon, was a catalyst for President Ronald Reagan to come down on the side of administration hard-liners, U.S. officials say.

The package of U.S. changes is seen in Washington as a model for allied governments to copy. But U.S. allies are still weighing their judgments. The London-based International Institute for Strategic Studies said last week in its annual security survey.

U.S. officials, however, say that clearer U.S. policy, even if it is tougher, will eventually be more acceptable to allies than the uncertainty that marked the Reagan administration's first years.

The reticence of European nations, based on their long trading traditions, has been fueling U.S. debate on the issue; this debate has pitted businessmen, for example, against Reagan administration hard-liners.

Even the Commerce Department, despite its mandate to promote U.S. exports, has an-

nounced new proposals designed to tighten export licensing.

For computers and other "dual use" technology requiring a license, the Commerce Department says, U.S. manufacturers and their foreign distributors will have much more trouble getting and keeping multiple-item licenses for countries that do not belong to the Coordinating Committee for Export Controls Areas, or COCOM, which oversees exports of sensitive equipment. COCOM includes Japan and the NATO countries, except for Spain and Iceland.

THE COCOM countries and Australia and New Zealand are considered less vulnerable to Soviet-designed diversions of U.S. technology.

In all other friendly countries, under the proposed rules, foreign distributors of U.S.-made computers, for example, must provide the U.S. government with a list of their customers and get each customer to seek U.S. approval of a buyer before reselling the item. A foreign dealer who violated the proposed rules would be banned from receiving U.S. technology.

The proposed rules have aroused fierce criticism from U.S. manufacturers, who say they risk losing orders worth millions of dollars. In addition, the proposals are "creating enormous difficulties overseas because of the so-called extraterritorial reach," according to an acting assistant secretary of commerce, William Archey.

Even if the proposed regulations are watered down, the Commerce Department intends to respond to what a spokesman said was "a tougher climate all over Washington."

To enforce the new measures, U.S. intelligence has been given substantial resources to check on foreign customers receiving U.S. technology, according to recent testimony in Congress.

The most striking change, however, is the Pentagon's new powers, which extend the military oversight for the first time beyond East-West trade and into West-West trade between friendly countries.

It brings to bear military expertise in investigating sensitive trade, but more important, according to U.S. officials, the Pentagon's authority provides diplomatic leverage in extracting more foreign cooperation on trade security.

"Governments will be anxious to keep off this unofficial blacklist because being on it will inevitably slow the flow of U.S. technology to a nation's companies," said a Pentagon negotiator.

Even some COCOM countries concern U.S. officials, notably Canada and Japan. Canada is exempt from U.S. export-license requirements; in Japan, Pentagon officials say the influence of industrialists and the weakness of the Japanese military have allowed the country to become the prime Soviet target for obtaining U.S. technology.

THIS new distribution of trade oversight in the U.S. government, spelled out in a "memorandum of understanding" about to be signed between the Commerce Department and the Defense Department, marks a victory for trade hard-liners such as Senator Jake Garn, Republican of Utah, and Richard N. Perle, an assistant secretary of defense.

Political battles continue. Congress, for example, remains divided over a new Export Administration Act to replace the 1969 version, which broadly favored liberal trade.

Inside the Pentagon, the hard-line view won the day in December when Defense Secretary Caspar W. Weinberger reorganized the trade-control section, creating a new oversight body called the Technology Security Center under Mr. Perle. It was partly staffed with personnel taken from the Pentagon's undersecretary for research and engineering, Richard D. DeLauer, who now reportedly intends to resign.

The trigger for these changes was a bitter three-way bureaucratic battle for jurisdiction between the Commerce Department, the Treasury, which was defending its Customs Service, and the Pentagon. The tug-of-war was worsened by U.S. allies and raised doubts about the Reagan administration's ability to act effectively. The infighting came to a head over the Mueller case, which apparently jolted the White House into arbitrating in favor of the hard-liners.

Mr. Mueller, although listed on the Commerce Department's "denial list" of customers prohibited from receiving sensitive technology, got control of powerful VAX-series computers through a South African company, Microelectronics Research Institute, or MRI, according to a U.S. Customs account of the case. The Commerce Department approved this export license in 1980 despite having received information that MRI was a front for Mr. Mueller.

Since the Commerce Department lacked investigative powers, it apparently buried the intelligence report, according to Customs agents. Over the next two years, it approved export licenses to MRI for sensitive technology worth \$7.5 million. A total of 12 separate licenses were approved, culminating in December 1982 with approval for export of a powerful VAX 11/782 manufactured by Digital Equipment Corp.

At this point, according to the Customs agents, a Commerce Department licensing officer asked that the export approval be reviewed by the Defense Department. He was overruled, and he quickly transferred to the Department of Energy.

ASKED about the circumstances of the licenses for MRI, a Commerce Department spokesman said that licensing procedures were proprietary information belonging to the company concerned, but he said Commerce Department officials had taken all possible precautions.

According to Customs agents, Pentagon officials and congressmen who held hearings on the Commerce Department's ability to enforce trade regulations, the Commerce Department ignored numerous warnings, which it declined to share with other agencies because the Commerce Department was seeking to expand its enforcement office.

Even when U.S. officials learned that the computers were on their way to the Soviet Union in November, Commerce Department officials hampered U.S. attempts to block delivery by refusing to disclose information about Mr. Mueller and MRI, according to Customs officials.

Ultimately, U.S. officials persuaded West Germany and Sweden to intercept the contraband cargo, but the Commerce Department's decision to withhold information could have been at least partly responsible for foreign government inaction.

In fact, Customs agents working on the Mueller case learned about the existence of a Commerce Department file on MRI only because of a leak, apparently by the former Commerce Department licensing officer.

At this stage, with Customs agents already in South Africa to investigate MRI, Commerce Department officials refused to open their files unless they were allowed to send agents to join the investigation, U.S. officials say. Finally, they say, the White House intervened to end the standoff. A deputy assistant secretary of commerce, Theodore W. Wu, was phoned at home on a Saturday and given an hour to reach his office and open the Mueller file to Customs agents.

The rivalry is rooted in the Commerce Department's desire to create its own police service to combat technology smugglers, congressional sources say. Mr. Wu, for example, who successfully prosecuted illegal exporters as a district attorney in California, was appointed to head the Commerce Department's new Office of Export Enforcement, meant to be the embryo of this new force.

But other government officials, especially in the Defense Department and the Treasury, argued that the Commerce Department should stick to its main business: promoting U.S. exports and licensing normal U.S. trade. This bureaucratic battle occupied the first three years of the Reagan administration.

Critics of the Commerce Department, including many congressmen, sought a Pentagon role in evaluating dual-use technology and negotiating multilateral controls, and they wanted Customs assigned to the police work of catching violators.

Customs officers are "cops with cops' mentalities," said a Pentagon official, adding: "Commerce guys are essentially negotiators, who have to deal constantly with businessmen and diplomats. Foreign policemen don't like them."

As evidence of the approach of Commerce officials to enforcement duties, congressmen at recent hearings cited an investigation of the Geneva office of Digital Equipment Corp. in 1979. Inspectors found 111 violations of U.S. export regulations, but the only sanction was an 11-day suspension of its multi-item distributor's license.

Even though many violations were only technicalities, congressmen expressed surprise that the Commerce Department did not carry out a follow-up audit of Digital's Geneva office.

THE Pentagon, swinging its weight behind Customs, spent \$30 million to start "Operation Exodus" under Customs. Now in its second year, the program was designed to make Customs agents as vigilant at stopping high-tech smuggling as they traditionally have been at halting drug imports.

The Customs commissioner, William von Raab, said that when he took over two years ago, "we had as many cases on parrot smuggling as on technology smuggling." Today, more than 400 new Customs agents have been assigned to this kind of crime in U.S. bureaus and in foreign liaison offices in trading centers such as London, Paris, Bonn, Rome, Tokyo, Hong Kong and Singapore.

President Reagan has made Customs the lead agency on high-tech controls with most countries. The Commerce Department retains this role in a handful of countries—Austria, Belgium, Sweden, Turkey, India and Japan—which, like the United States, invest both regulatory and trade promotion functions in a single agency.

The Pentagon has not yet formally started its 15-country list where all export licenses will be reviewed, but those almost certain to be on it include Switzerland, Austria, Sweden, Finland, Spain, South Africa, India and Singapore, at least at the outset.

The list is compiled theoretically on the basis of diversion cases or computer-detected anomalies in technology imports. In practice, it is also likely to reflect political purposes in the Pentagon.

Countries such as Sweden, implicated in big cases, are expected to get off the list easily as their local security on U.S. technology improves.

BUT some countries are deemed to be permanently vulnerable. In this category, Customs officers list two neutrals: Austria, where East-West trade is vital, and Switzerland, whose secrecy laws make it "the black hole to the East," a Customs agent said.

U.S. hard-liners deny that they want to block normal trade, but, as one said, "all too often America's European allies seem not to comprehend the connection between their own security and the illegal exports of militarily critical technology."

The International Institute for Strategic Studies

says Europeans do not agree with the hard-line Reagan administration view that Soviet intelligence services have orchestrated a huge raid on Western technology.

Supporting the U.S. view, a recent British Broadcasting Corp. program interviewed a former senior Soviet microelectronics engineer who used to work in Zelinograd, a closed military city near Moscow.

"I used to work for the company that makes control and command parts for Soviet missiles, and I can tell you that this sort of military-oriented equipment would not exist without Western technology," the Soviet defector said.

"One of the most popular integrated circuits in the Soviet Union, that is only for military usage, is a direct one-to-one copy of the Texas Instruments 5474 series," he said, adding: "We used to refer to the Soviet version as the Texas chip, and we had all the handbooks from Texas Instruments."

Even if European officials are gradually starting to agree that the threat exists, they often object to what they consider high-handed, unilateral U.S. attempts to maintain control over U.S. technology, even after it has been exported.

Tougher U.S. vigilance is exemplified by recent moves linked to the Mueller case. Digital, for example, has temporarily been required to scrutinize every export to Norway, where a Mueller-controlled company obtained some secondhand Digital computers.

A Digital spokesman said that the company itself was not under any U.S. investigation, but he confirmed the temporary restrictions in Norway, a NATO ally. He said they were designed to make Digital dealers more concerned about their customers.

The new U.S. policies often offend national pride. In Britain, there was an outcry in Parliament last month over two U.S. officials who allegedly acted as "moles" for Washington in Britain's Defense Ministry, reporting on British government investigations of British companies.

U.S. hard-liners such as Mr. Perle minimize the risk of a major blowup between the United States and its allies.

"In COCOM negotiations, we already have a great deal of allied consensus on some quite tough new guidelines, much more consensus and much tougher guidelines than many U.S. officials imagined was possible," Mr. Perle said in a recent interview.

Asked about European opposition to U.S. "extraterritoriality," Mr. Perle said: "There will be no need to assert U.S. extraterritoriality once allied governments are also effective in protecting the technology on their soil."

But, he added, the Reagan administration intends to enforce its own controls until it is satisfied that other countries accept technology control as a major security priority.

Colombians Awaken to Evils of Cocaine

Justice Minister's Murder Aroused the Public After Years of Indifference

By Jackson Diehl

Washington Post Service

BOGOTA—In city slums, Colombian teenagers on street corners smoke an addictive raw cocaine base that offers a brief high but often causes neurological damage and psychosis.

On the sparsely settled southeastern plains, police discover an "industrial complex" for narcotics: 19 laboratories, 44 buildings, an airstrip, five planes, a power plant and a communications complex. They also discover 12.5 metric tons of pure cocaine that would be worth up to \$1.2 billion on the street in the United States.

In Bogotá, an appeals court judge, Rodolfo García Ordoñez, removes a neatly typed, anonymous letter from his top desk drawer. "We order you," it said, "not to intervene again" in the case of a major cocaine trafficker from the commercial center of Medellín, about 150 miles (240 kilometers) northwest of Bogotá. "Otherwise we will be obliged to submit you and your family to a fatal accident," it added.

These are among the public manifestations of Colombia's vast narcotics underworld usually referred to as *la mafia*. It is a business that during the past five years has grown from an easy-to-ignore, illicit traffic with American users to a virtual state-within-a-state, maintaining its own public figure, factories and armies here.

It is arrogant enough to challenge openly the official leaders of Colombia.

La mafia may have reached its apex on the evening of April 30, when two hired men from Medellín gunned down Justice Minister Rodrigo Lara Bonilla, who virtually alone had crusaded against the narcotics trade and tried to warn the country that it was a threat.

SINCE then, President Belisario Betancur has declared a state of siege and a "war without quarter" on drug traffickers. Authorities have arrested more than 500 suspects.

The public in this chronically troubled nation of 27 million seems to have awakened.

"The assassination showed the degree of aggressiveness and arrogance, and the sheer size that the narcotics organizations had arrived at," said Judge García, a former prosecutor of narcotics cases. "It was a shock that caused people to analyze a situation they had not paid much attention to before."

The outrage over Mr. Lara Bonilla's killing has in part seemed to reflect public frustration with decades of rampant violence and rural lawlessness that made Colombia a logical base for smuggling and crime.

Since 1948, when a decade-long civil war known as *la violencia* erupted between Colombia's traditional Liberal and Conservative parties, wide zones of the undeveloped countryside and the back streets of big cities have been ruled by successive bands of guerrillas, smugglers and crime networks.

TODAY Colombia is plagued by five leftist guerrilla groups with more than 10,000 rural and urban fighters. Murders, kidnappings and street crime are so common in the cities that private bodyguards and armored cars are considered virtual necessities for any family of means. Medellín, meanwhile, has been a capital of contraband ranging from marijuana, methamphetamine and heroin to illegally imported U.S. cigarettes.

In this vast underworld, the Colombian cocaine organizations, with their huge installations and estimated \$800 million in annual revenues, have become both the dominant powers and the public symbols of national lawlessness.

"People are tired of violence and crime in this country," said Ali García, an official of the government's Institute for Family Welfare, "and so they have begun to see the narcotics traffickers as the biggest threat to order."

It was not always that way. The Colombians who began in the late 1970s to establish net-

works for refining coca leaves grown in Peru and Bolivia into cocaine and shipping it abroad initially seemed to enjoy the indifference and occasional complicity of a callous public.

The riches of the traffickers in fact became national celebrities, tolerated and even toasted for their eccentric habits and vast wealth. One of the best-known of those accused by the government of conducting the trade, Pablo Escobar Gaviria, was elected to Congress as an alternate delegate in 1982.

Mr. Escobar won support around Medellín by donating lighting systems to the stadiums of his favorite soccer teams. On his sprawling ranch, he built artificial lakes and his own airport and stocked a private zoo with exotic animals. A local magazine was even moved to call him the "native Robin Hood." He is now a fugitive.

What has changed national attitudes toward such flamboyant figures has been the increasing influence of the cocaine organizations within traditional institutions and the spread of both drug consumption and violence within the country.

Eager to replace the coca plants smuggled from Peru and Bolivia with local products, the Colombian organizations several years ago began to encourage the expansion of coca growing in Colombia from a few isolated sites to more than 40,000 acres (16,000 hectares) by last year, according to officials here.

While vast tracts of land were thus taken over by the narcotics industry, Colombian coca leaves proved to be of relatively poor quality. So, Colombian authorities said, the drug networks have sought to create an internal market for raw cocaine base, a paste of semiprocessed coca leaves suitable for smoking.

The marketing effort has been frighteningly successful. Although no accurate surveys have been done, enforcement and family-welfare officials believe that cocaine base, or *basuco*, may



Colombian policemen raided this cocaine laboratory in a jungle May 10. U.S. drug enforcement agents along on the operation said the lab could produce 11 tons of the drug a month. Three tons of drugs were found under the building.

be the most abused stimulant among Colombian youths—and the most dangerous. Because it is only partly processed, the base is usually laced with impurities, such as gasoline residues, that can cause almost immediate neurological damage among users.

THE internal marketing of cocaine base has created a problem that many Colombians once perceived as limited to the United States and Europe. By early this year, meanwhile, the influence of narcotics money seemed to be everywhere. Many experts blame cocaine dollars for wild distortions in the financial system and even the failure of one major bank.

Mr. Lara Bonilla charged that narcotics capital was financing six of Colombia's 14 profes-

sional soccer teams. In nationwide municipal elections in March, authorities acknowledged that millions of dollars from the traffickers had gone into the campaign funds of the Liberal and Conservative parties.

Finally, there was the violence, going beyond gangland slayings among drug traders. Mr. Lara Bonilla and U.S. officials charged that Mr. Escobar and another alleged trafficker, Carlos Lehder Rivas, had helped found a rightist terrorist group known as *Death to Kidnappers*, which has been blamed for hundreds of assassinations of suspected guerrillas as well as threats and attacks on judges, prosecutors, journalists and politicians opposed to the drug trade.

Evidence revealed this year by Colombian police and U.S. drug-enforcement officials indi-

cated that some traffickers had turned from infighting to cooperation with major leftist guerrilla groups. In return for arms and money, U.S. officials charged, some fronts of the Colombian Revolutionary Armed Forces were providing land and high-powered protection to cocaine-processing centers.

The assassination of Mr. Lara Bonilla, a promising young leader of the political establishment, seemed to be the last straw.

"We are dealing with an insurmountable challenge and a monstrous provocation that obliges a change in the rules of the game," wrote Enrique Santos Calderón, the editor of Colombia's most respected newspaper, *El Tiempo*. "The people demand more authority and an iron fist."

'Taiwanization' Gets Boost With Choice of Native as Vice President

By Michael Weisskopf

Washington Post Service

TAIPEI—As a violinist who holds a Ph.D. in economics and devours 19th-century German philosophy, Li Teng-hui seems like an odd dozen of the rough-and-tumble world of Taiwan's politics.

But Mr. Li, 61, the native-born governor of Taiwan province, suddenly finds himself at the center of perhaps the most far-reaching political development since the Nationalist Party fled China's mainland in 1949 and set up a government-in-exile on this island 100 miles offshore.

Mr. Li was chosen by the ruling Nationalists in March to serve as Taiwan's vice president, making him the first man who has never lived on the mainland to sit just a heartbeat away from the presidency.

The implications reach far beyond this capitalist enclave of 19 million people.

To U.S. critics who demand political reforms as a price for American military support, Mr. Li's elevation is evidence of Nationalist willingness to share power with the native islanders, who make up 85 percent of the population.

Communist leaders in Beijing are likely to be jolted, they believe the best chance of reuniting Taiwan with the mainland lies in negotiations with their old rivals, the Nationalists from the mainland, who are committed to returning home.

In Taiwan, Mr. Li's election blunts criticism by the Taiwanese-born political opposition and helps clarify the island's political future. President Chiang Ching-kuo was elected for a second term, but he is 74 and has diabetes. Both men

were unopposed and received routine approval by the National Assembly.

The vice president is constitutional heir to Mr. Chiang should he fail to complete his six-year term. If Mr. Li takes office, he would become the first native Taiwanese president.

Taiwan has long been dominated by elderly mainlanders led first by Mr. Chiang's father, Chiang Kai-shek, and then by his son. The mainlanders—known by Taiwanese as "outsiders"—consider their stay temporary until they can reclaim the rest of China.

Both Nationalists and Communists regard Taiwan as a province of China.

Chiang Ching-kuo, while maintaining the Nationalist monopoly of Taiwan's political life, has sought in recent years to democratize the island by bringing more locally born islanders into both the government and ruling party.

Mr. Li is seen as a symbol of this "Taiwanization," but he is by no means the sole example. Although mainlanders continue to hold the leading ministerial posts as well as high ranks in the military and internal security apparatus, Mr. Chiang has appointed native-born politicians to two cabinet jobs and as mayors of the two largest cities.

MORE than 70 percent of the Nationalist Party's two million members are now said to be locally born, and the number of Taiwanese appointed to the party's 31-member Central Committee has recently increased to 12.

Mr. Li, ranked ninth on the committee, said that assimilating Taiwanese into the party and government was "a very natural process." He added: "There are human resources here."

"It's not a revolution," a Western analyst said

of the Taiwanization process. "The mainlanders are still running the show. But an evolution is going on. The mainlanders are propelled by enlightened self-interest. They can read the actual tables and demographic trends as well as anyone else."

BUT not everyone is satisfied with the pace of evolution. The opposition, a splintered group headed by young intellectuals with local roots, calls for greater Taiwanese representation in government and regards Mr. Chiang's reforms as token.

A recent edition of Progress—one of several opposition journals—features a caricature of Mr. Chiang on the cover holding up a miniature Mr. Li by one arm, like a puppet.

Opposition forces argue that a Li presidency would be no more than symbolic. Real power is diversified among the government bureaucracy, military, party and internal security force, all of which are expected to be controlled by mainlanders.

Some of Mr. Chiang's earlier appointments, including the chief of internal security and the outgoing vice president, are native born. But they were educated on the mainland and spent many years there, earning them the nickname of "semi-mainland men," a local derogatory expression suggesting mainland loyalties.

"The Nationalists are going in the right direction, but not fast enough or far enough," said Antonio Chiang, a magazine editor and opposition leader. "Li Teng-hui changes nothing."

These Taiwanese who get appointed hold no real power. They can't break the mainland control. We see no substantive change."

The opposition is barred by martial law from forming a political party to openly compete with

the Nationalists. Its members call themselves "outside the party" politicians and run candidates in elections as independents.

Despite intense bickering between the opposition's moderate and radical wings, its candidates usually draw 30 percent of the total vote in national legislative elections.

What the opposition wants is the lifting of martial law and restructuring of Taiwan's political institutions to clear the way for native islander participation in running their prosperous, little land and in deciding its future.

Their goals, however, are blocked by the Nationalists' claim to represent all of China. Most members of major legislative bodies are aged men elected on the mainland before the Communist takeover. They are not required to run for re-election because their home provinces cannot vote for them at present.

This results in the anomalous scene of legislators in their 70s and 80s, supposedly representing every province of China, being brought into meetings in wheelchairs, too feeble to debate or vote on pressing issues.

ALTHOUGH the elderly legislators are dying off at the rate of more than one a month, the government replaces them with other old mainlanders who ran for election in the late 1940s—but lost.

The National Assembly, which meets every six years to elect a president and vice president, includes only 350 original members out of a total of 1,063.

Mr. Chiang has opened "supplementary" seats for Taiwan in the assembly and national parliament. These seats are contested in elections and almost always filled by native islanders. But they make up a relatively small fraction of the voting membership.

"Our constitution is like a menu in the window of a closed restaurant," remarked a Taipei city councilman, Jackie Lin, 32, an opposition leader. "You can look, but you can't order."

Mr. Lin and his colleagues want martial law abolished so Taiwan can become politically pluralistic. Even if the Nationalists integrate the government with native islanders, said Mr. Lin, "one party cannot truly represent the interests of the whole society."

But the opposition goal strikes at the heart of the mainland-controlled regime, which clings to the notion of being the sole, legitimate government of China.

Most Taiwanese families have lived on the island for generations and have no interest in merging with the poor and undeveloped mainland, regardless of its government.

Many opposition politicians, exploiting this sentiment, say the mainlanders will eventually sell out Taiwan when the time is right.

"Most people couldn't give a damn about the mainland," said an opposition leader, Antonio Chiang.

A foreign analyst who specializes in local politics said, "If there ever was any movement toward unification, there would be blood in the streets. The vast majority of the population of Taiwan has no nostalgia for the so-called motherland."

NATIONALISTS justify martial law as a necessary protection while Taiwan is technically in a state of war with the Communist mainland. A proliferation of political parties, they say, could destabilize society and open it to subversion.

Underlying this argument is fear that new political parties would stir up the latent separatist sentiment among Taiwanese.

A successful independence movement would not only undercut the regime's legitimacy, but it could also invite an attack from the Communists who also regard Taiwan as their province.

"Once you let people organize a party legally, you have to apply that right fairly and openly to everyone," said the government spokesman, James Soong. "You have to accept all kinds of views, including those for an independent Taiwan."

The Taiwan independence movement based in the United States is proscribed, and the security agencies are as zealous in their surveillance of separatist groups as they are of those suspected of harboring Communist sympathies.

Vice President-elect Li, a native son whose whole experience is Taiwanese except for his schooling in Japan and at Cornell University, said he bridges the gap between the so-called "outsiders" and the "locals." "I understand what people are thinking," he said.

Mr. Li, a specialist in agricultural economics who helped Taiwan's farms prosper and later went on to serve as mayor of Taipei before his appointment as provincial governor in 1981, is said to be popular among his fellow Taiwanese.

Opposition leaders and foreign analysts believe Mr. Li is less committed than mainlanders to eventual reunification.

But Mr. Li, a loyal Nationalist, follows the party line. Although he favors placing a higher priority on economic growth and democratic rights today, he calls those goals a "means to the end" of reunification.

"My strong feeling is that reunification is very important," he said.

"But we want to get a bigger gap between us and mainland China to get people to understand that Taiwan's approach is right."

Herald Tribune

BUSINESS/FINANCE

U.S. Stocks
Report, Page 7

WEDNESDAY, MAY 23, 1984

INTERNATIONAL MANAGER

Honeywell to Market Goods
Of Europe High-Tech Firms

By SHERRY BUCHANAN

International Herald Tribune

BRUSSELS—Probably the last place that Europe's smallish high-tech companies would think to look for help in promoting their exports is a U.S. multinational. Yet Honeywell, the U.S. computer company, is proposing to do just that and make money at it.

With 250 highly paid executives just hired, Honeywell High-Tech Trading Inc. has set up shop to market, distribute and service worldwide the products of small and medium-sized companies in Europe, Asia and the United States that are complementary to Honeywell's own products. Based in Minneapolis, the trading group has European offices in Brussels, Milan and Vienna.

For the smaller European manufacturers, cracking the U.S. market can be a profitable but perilous exercise. French high-tech manufacturers that aren't big forces in their field, for instance, often complain they suffer from a "wine-and-cheese" image when they try to sell in the United States. Another problem is whether to tackle the U.S. regionally or nationally. And U.S. users worry about the reliability of supply and after-sale servicing of European high-tech machinery if the European supplier doesn't have a large manufacturing presence in the U.S. market.

Honeywell High-Tech Trading isn't sure where the main share of its European trading business will come from: Distributing European exports in the United States, marketing European exports to third countries or countertrade with the Eastern bloc.

So far, European manufacturers contacted by Honeywell have expressed interest in using the Honeywell network to gain access to the U.S. market as well as to markets in other parts of the world. Honeywell expects to have two to three European clients before the end of the year.

In the United States, Honeywell High-Tech Trading is a late comer to export trading. Following new congressional legislation in 1982 that allowed U.S. bank-holding companies and U.S. concerns to form export-trading companies, Citicorp, Security Pacific and First National Bank of Chicago as well as Sears and General Electric set up trading companies. But the thrust of Sears and GE's trading businesses are U.S. companies. The legislation was enacted specifically to boost U.S. exports in a time of recession.

In Europe, in the computer and telecommunications industry, European manufacturers—such as Plessey, GEC, International Air Radio and Cable & Wireless—have long acted as agents and distributors for complementary manufacturers' goods. "In the computer and telecommunications industry, taking in each other's washing is not a new idea," says Kep-Simpson, director of international marketing at PA Management Consulting Services in London. "What Honeywell is doing is developing the state of the art."

On the trading end, Honeywell will be up against traditional British and Japanese trading houses that deal in everything from rockets to soap. The Japanese trading houses, that were once newcomers to Europe, have with difficulty increased the share of their European trading business with third countries, but the bulk of their business remains exporting Japanese goods around the world.

"European business is a well established world," says Tadayuki Ito, senior manager for Nishio-Iwai, one of the big Japanese trading houses, with 130 overseas offices and a staff of 5,000 professionals. "We are late comers to the market. It is quite rare for us to help Europeans export to Japan." But Honeywell, unlike the Japanese trading houses, has a manufacturing presence in Europe. And the larger and more open U.S. market is likely to be more attractive to European companies than is the Japanese market.

No matter where the bulk of its European trading business ends up being, Honeywell contends it will offer more than the Japanese trading houses or, for that matter, the British. "Honeywell has a tremendous in-house capability to assess a product that the Japanese don't have," says Bjorn Bjornstad, president and general manager of Honeywell High-Tech.

Honeywell High-Tech will evaluate a client's product for export, conduct a market research, assist in finding export financing, and distribute and service the product in the export market through Honeywell's world network. If the client wants to

CURRENCY RATES

Local interbank rates on May 22, excluding fees.
Official findings for Amsterdam, Brussels, Milan, Paris, New York rates at 4:00 p.m. EDT.

	\$	£	D.M.	F.F.	ITL	Sfr.	Yen	S.P.	Yen
Amsterdam	2.088	4.29	112.52	36.60	61.828	5.204	163.22	102.46	1.25
Brussels (a)	52.72	77.025	20.25	6.61	2.256	18.86	34.01	23.07	1.25
Frankfurt	1.281	3.12	112.52	36.60	61.828	5.204	163.22	102.46	1.25
London	1.281	3.12	112.52	36.60	61.828	5.204	163.22	102.46	1.25
Milan	1.6175	2.8150	61.63	20.49	34.74	5.204	77.51	3.108	234.125
New York (c)	1.281	3.12	112.52	36.60	61.828	5.204	163.22	102.46	1.25
Paris	1.281	3.12	112.52	36.60	61.828	5.204	163.22	102.46	1.25
Seville	1.281	3.12	112.52	36.60	61.828	5.204	163.22	102.46	1.25
Tokyo	235.30	324.98	84.99	27.59	72.77	15.125	372.38	272.38	3.6033
Zurich	2.065	4.179	102.55	36.85	61.139	5.237	164.74	102.56	1.25
									0.9714
1 ECU	0.814	0.525	2.240	0.676	1.280.62	2.205	45.168	1.898	10.96
1 ECU	0.814	0.525	2.240	0.676	1.280.62	2.205	45.168	1.898	10.96

ADVERTISEMENT
INTERNATIONAL FUNDSQuotations Supplied by Funds Listed
22 May 1984

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BUSINESS PEOPLE

Diamond Shamrock Names
Kamm to Head Far East Base

Diamond Shamrock Corp., a Dallas-based chemicals and energy concern, has established its regional headquarters for the Far East in Hong Kong.

Diamond Shamrock Far East Ltd. will manage the industrial, agricultural and specialty-chemical business in China, Hong Kong, Southeast Asia, Australia, New Zealand and the Indian subcontinent.

John Kamm has been appointed regional vice president and general manager of Diamond Shamrock Far East. He formerly was managing director of Diamond Shamrock China Ltd., which was established in 1981 to develop Diamond Shamrock's business in China.

Richard Glover, present manager of China sales for NL Industries Inc., has been appointed general manager of Diamond Shamrock China, effective July 1, to succeed Mr. Kamm.

The choice of Hong Kong for Diamond Shamrock's regional headquarters underlines "the city's unique strengths as a center for commercial penetration of China and Southeast Asia," the company said.

"Hong Kong is the gate to China, especially South China," Mr. Kamm said. He added: "South China, in turn, is the ancestral homeland of overseas Chinese throughout all of Southeast Asia. The potential for cross fertilization is enormous."

Pfizer International Inc. has appointed Robert Neimeth executive vice president, responsible for operations in Europe, Africa and the Middle East. Formerly, he was president of Pfizer Europe, a management area of Pfizer International, which is a New York-based unit of Pfizer Inc., a leading drug producer.

Skandia International Insurance Corp., a subsidiary of Skandia Insurance Co. of Stockholm, has named Laszlo K. Gonye senior deputy managing director of Skandia America Group and Skandia UK Insurance.

Citibank has named Leonilo "Topper" Coronel country corporate officer for Sri Lanka, succeeding Philip Brown, who has become managing director of Citibank (Channel Islands) Ltd. Previously, Mr. Coronel was Citibank's senior officer in Cebu.

Société Générale Paris has named Jean-Bernard head of the foreign-exchange and treasury de-

partment. Succeeding him as head of the Luxembourg office of Société Générale Alsacienne de Banque is Henri Lassalle.

Bahraini-Saudi Bank, a newly-formed bank, said Abdullah al-Uman was appointed chairman at its first board meeting. He is a former minister of labor and social affairs in Saudi Arabia and chairman of Arab National Bank in Riyadh.

A prominent Bahraini businessman, Sheikh Ibrahim bin Hamed bin Abdullah al-Khalifa, has been appointed vice chairman of the new bank. Serving as general manager of Bahraini-Saudi Bank is Richard Sacks, who formerly was head of Saudi Investment Banking Corp. in Riyadh.

G.D. Searle & Co. has appointed William R. Garguilo Jr. as executive vice president of European operations, and Fred J. Badia vice president of Latin American operations. G.D. Searle is a U.S.-based drug company.

John Swire & Sons Ltd., the London-based shipping, airline and property group, has named Duncan Black a director. Mr. Black formerly was chairman of the Swire group of companies in Hong Kong, including Cathay Pacific Airways.

Boydell International has named Edoardo De Martino vice president and associate director of its French unit, based in Paris. Previously, he was vice president of Towers, Perrin, Forster & Crosby Inc. Boydell is a New York-based executive recruiting firm.

Saudi Investment Banking Corp. of Riyadh has named Gerhard W. Vossball assistant general manager, credit policy and planning. He succeeds Thomas F. Maher, who has returned to Chase Manhattan Bank in New York. Mr. Vossball was product-development executive for the committee financing division of Chase in New York. Chase holds 20 percent of Saudi Investment Banking Corp.

Credit Suisse has named Gordon L. Boyer president and chief executive officer of its new investment-management subsidiary in the United States. Swiss American International Asset Management Inc., the new unit based in New York, will provide worldwide portfolio-management services for domestic pension funds, institutions and other clients. Mr. Boyer formerly was with Cole, Yeager & Wood Inc.

—By BRENDA HAGERTY
In London

First Chicago Is Said Not to Plan Bid for Bank

(Continued from Page 9)

volumes of material from Goldman, Sachs & Co., Continental's investment banker, which has been charged with seeking a merger partner.

David G. Taylor, chairman and chief executive officer of the bank and of its corporate parent, Continental Illinois Corp., said in a letter to his staff Monday that the bank's primary objective is to find a long-term solution to its problems that would allow it to continue as an independent organization.

"The search for a solution that will avoid our merging with another institution is our No. 1 priority," he said.

Many analysts, however, especially those who have viewed Continental's books, said they thought that the severity of the problems in the bank's loan portfolio would make it extremely difficult for Continental to survive on its own.

It is hard to tell just what the situation is, independent analysts noted Monday, because those with

access to Continental's books have a vested interest. Continental, of course, wants to put the best face on its position, while the strategy of possible buyers is to talk down the bank's value.

One representative of a bank that is a potential bidder, for example, said Monday that the amount of Continental's nonperforming loans should be revised upward to between \$3.5 billion and \$4 billion from the \$2.3 billion reported by the bank at the end of the first quarter. He further estimated that eventually about \$2 billion of loans would have to be written off.

"Charter Insurance is not even included in the package of nonperforming loans," he said.

But Mr. Taylor, in a telephone interview Monday, said his bank's nonperforming loans had been disclosed as legally required. Nonperforming loans are those on which payments are 90 days or more overdue.

In addition to the \$2.3 billion of such loans reported at the end of

the first quarter, Mr. Taylor said, the bank also had \$300 million or so of loans that were 90 days past due but did not have to be classified as nonperforming because they had full collateral and were being collected.

Gerald Buldak, Continental's chief spokesman, said the bank had only "\$30 million or so loaned to Charter," indicating that its omission from the problem-loan list was relatively insignificant.

Among banks said to be seriously considering buying Continental, or perhaps pieces of it, are First Chicago Corp., owner of First National Bank of Chicago, Continental's archrival; Chemical New York Corp., owner of Chemical Bank and Citicorp, owner of Citibank.

■ FDIC Won't Give More

A regulatory agency said that Continental Illinois Bank will not get any more federal insurance funds although its credit is unlimited, United Press International reported from Washington.

The Federal Deposit Insurance

Corp., whose \$16-billion insurance fund provided \$1.5 billion to keep Continental afloat, will give the bank no more, a spokesman, Alan Whitney, said Monday.

"We're not going to be putting more money in there," Mr. Whitney said.

Instead, the agency will use the time gained by the injection of capital to examine the books. "Our people will be arriving at the bank, probably this week," he said.

The commitment is not "opened," he said, taking issue with a widespread interpretation of a joint statement last week by the FDIC, the Federal Reserve and comptroller of the currency.

While credit available to the bank from the Federal Reserve System is unlimited, the money available from the insurance fund is not, he said.

"This is an insurance fund built up over the years by the banking industry itself," he said. "It's unique among all industries in the country."

Trade Development Bank Holding S.A.
LuxembourgDividend Payment
Change of the Corporate Name

At the Annual Meeting of Shareholders held in Luxembourg on May 8, 1984, the shareholders voted unanimously in favour of all matters appearing on the Agenda published together with the notice convening the Meeting.

With regard to Item 4 of such Agenda, it was resolved that a dividend of US\$ 0.75 per share be payable for the year ended December 31, 1983. In respect of registered shares, this dividend will be payable as of June 1, 1984 to registered shareholders appearing on the shareholders' register as of the close of business of May 1, 1984 at their address mentioned in the register of the transfer agent and registrar of the Company, Banque Internationale à Luxembourg, Luxembourg. In regard to bearer shares, the dividend will be payable as of June 1, 1984 against surrender of Coupon No. 15 to any one of the offices of the Company's paying agents listed below:

Manufacturers Hanover Limited
8 Princes Street, London EC2P 2EN
Banque Internationale à Luxembourg S.A.
2, Boulevard Royal, Luxembourg
Manufacturers Hanover Bank Belgium
13, Rue de Ligne, 1000 Brussels
Manufacturers Hanover Banque Nordique
20, Rue de la Ville-Évêque, 75008 Paris
Manufacturers Hanover Trust Company
40 Wall Street, New York, N.Y. 10015

Manufacturers Hanover Trust Company
Bockenheimer Landstr. 51/53, Frankfurt
Republic National Bank of New York
452 Fifth Avenue, New York, N.Y. 10018
Trade Development Bank
30 Monument Street, London EC3R 8LH
Trade Development Bank (Luxembourg) S.A.
34, Avenue de la Porte-Neuve, Luxembourg

Under Item 8 of the Agenda, it was resolved to amend the Articles of Incorporation of the Company in order to authorize the change of the corporate name to "Republic Holding S.A." Shareholders who may wish to have their share certificates stamped with the new corporate name may present these certificates to any of the paying agents mentioned above.

French Deficit
Grew in April

(Continued from Page 9)

trial trade, which had averaged a 9-billion-franc surplus during each of the first three months of 1984, shrank to an average 6-billion-franc surplus in April. But he quickly added that there was no point in revising the government's forecast for the 1984 trade deficit, which has been projected at 20 billion to 25 billion francs.

"We are still looking at the result of one month, and the [economic] situation is not bright anywhere else," he said, adding that even though April was disappointing, the results represented a significant improvement over 1983.

Last year, France's trade deficit narrowed to 42.4 billion francs from 92.6 billion francs in 1982. Trade officials also said that April exports represented an increase of 14.5 percent from the like month last year, and that the four-month trade deficit for 1984 was substantially narrower than the 26-billion-franc deficit of a year earlier.

Next two or three months will tell us whether or not the April trend is becoming permanent," an official said, "because it is, there will be grounds for far more serious worry."

It still isn't clear how arrangements between Honeywell and prospective clients will be structured. The client company must be healthy. "We are not in the business of bailing out bankrupt companies," says Jeffrey Carroll, senior international adviser to Honeywell High-Tech.

Honeywell High-Tech does not plan to provide financing itself but will act as a "broker of financial services." Distribution contracts will vary. Honeywell and the prospective client may share in the risk of the product going wrong in a specific market.

"We will also consider distribution agreements where we would guarantee a certain revenue to our client over the next few years," says Mr. Bionstad.

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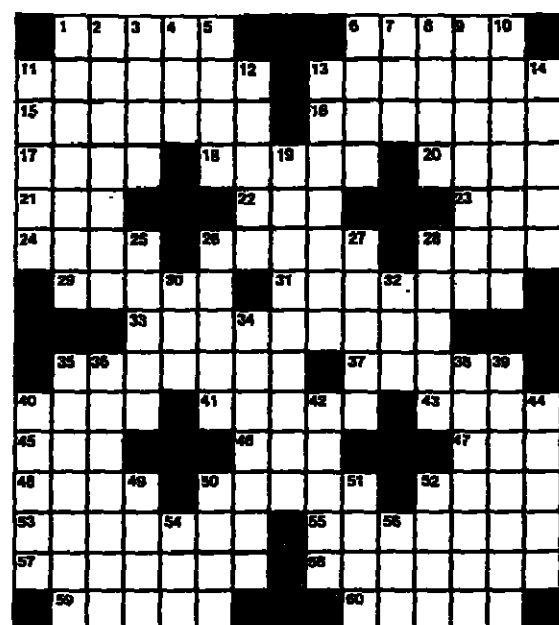
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ACROSS

1 Tennis and overhand stroke
6 Caesar
11 Lace mats
13 Dances at the Folies Bergère
15 "Old Lace" accompaniment
16 Cádiz noblewoman
17 Downies
18 Massenet opera
20 Sutter's place
21 Part of Cio-San's attire
22 — de guerre
23 Action at Santa Anita
24 Squealed
26 Drummed
28 Queen beheaded by Q.E.I.
29 Author Marsh
31 Faces boldly, with "out"
33 Energy, to Einstein
35 Moving force
37 Massage
40 Rara

DOWN

1 Japanese abacus
2 Barely drizzling
3 Pub offerings
4 Transgress
5 "Sieg"
6 Moslem judge
7 Ampersand
8 Confidence game
9 Prospero's slave
10 Fishermen
11 Sets into grooves
12 "Tosca" part
13 Monster
14 Witty and racy
15 Jet-engine chamber
19 Kin of bumbardiers
20 Outlays
27 Songbirds do
28 Ancient lawmakers
30 A dessert
32 Type of Buddhism
34 Starlike celestial objects
35 What Liberatee tickles
36 Kind of play
38 Italian inn
39 Expander
40 Fit
42 Rejoice
43 English diarist
48 Insect part
50 Haifa dance
51 Embog
52 Plumbeous
54 "Agustus"
56 "Ich" — ein Berliner — J.F.K.

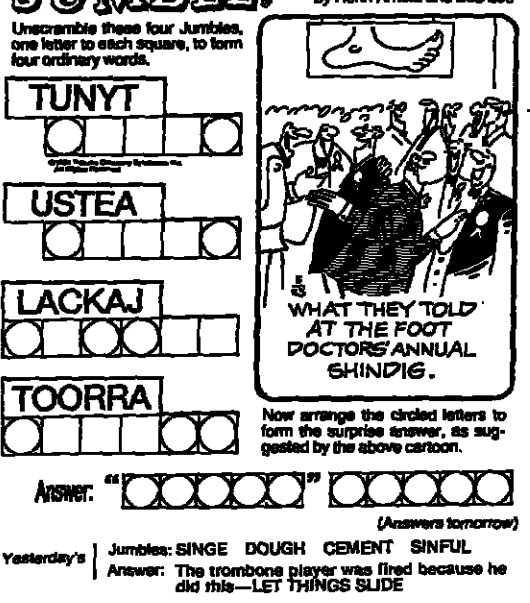
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DENNIS THE MENACE



"MR. WILSON BOUGHT MY DRUM AND I'M GONNA USE THE MONEY TO BUY A POLICE WHISTLE!"

JUMBLE



WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Amsterdam	13	5	Beijing	22	12
London	13	5	Calcutta	22	12
Paris	13	5	Manila	22	12
Rome	13	5	Seoul	22	12
Tokyo	13	5	Taipei	22	12
Washington	13	5	Yokohama	22	12
...

PEANUTS



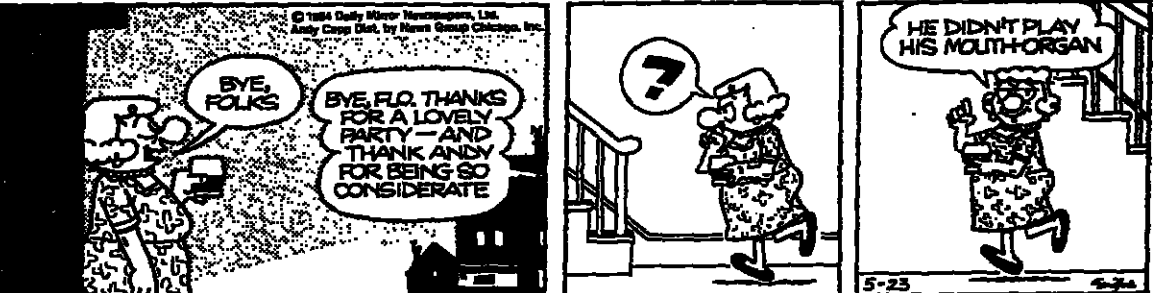
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EVER SINCE EVE:
Personal Reflections on Childbirth

By Nancy Caldwell Sorel. 388 pp. \$14.95.
Oxford University Press, 200 Madison Avenue, New York, N.Y. 10016.

Reviewed by Anatole Broyard

HOW people feel about childbirth may tell us more about them than their politics does, or their philosophy — particularly now, when having children is no longer a matter of course, but of choice. When Francis Bacon said, "He who hath a wife and children hath given hostages to fortune," he did not seem to recognize that women shared the same predicament.

While Nancy Sorel neglects to mention this particular notion in "Ever Since Eve," having children may be one of our principal articles of faith in a relatively faithless world. The thought of a child often seems to dissolve our skepticism. Even pessimists may regard a child as a symbol of rebirth. This says a lot about the irrational, as well as the rational, appeal of having children. It's a pity that for many parents the novelty wears off as the child grows up and vague hope turns into a hard fact.

"Ever Since Eve" is a personal anthology of how people in various times and cultures responded to childbirth. Women now receive more biological credit for their children than ever before in history. Until recently, they were merely the passive "soil" to which the male "seed" brought all the child's qualities.

Women, according to Sorel, feel everything from animal shame to godlike omnipotence in childbirth. It seems strange now to read about the secrecy with which pregnancy was surrounded in the 19th and early 20th centuries. It was as if women did not wish to acknowledge the palpable proof of sexual intercourse. There may have been some superstition too, some notion that unborn children could be adversely affected by publicity. The vulnerability of the fetus to metaphysical influences was greatly overestimated.

In our time, according to Sorel, many husbands complete with their wives in the act of childbirth, using the idea of the participating or sharing father to claim more and more of the action. This is a modern variation of coverture, the ancient ritual in which the husband suffered labor pains together with his wife. For Sigmund Freud, coverture also symbolized the husband's desire to reborn himself, a round trip back to the womb.

Writing to her pregnant daughter Vicki, Queen Victoria said she felt that a woman was more like a cow or dog during childbirth than a bringer of immortality. The father of the Dionysus quadruplets was admitted, of course, to him like an animal litter. Colette had what she called "a masculine pregnancy," which meant not letting the event get out of proportion. Sylvia Plath wanted to give up poetry and become an "earth mother."

Jean-Jacques Rousseau, Thomas Jefferson and Karl Marx all behaved badly, according to Sorel, toward their illegitimate children. Rousseau sent his to a founding hospital and Marx

never helped support his. Jefferson's case was complicated by the fact that the mother was a black slave. In the 17th century, some highborn women who were tired of bearing children took to their beds with a feigned illness that lasted the rest of their lives.

While Sorel, who writes for Esquire and The Atlantic, quotes from many interesting sources, she does not often organize her material toward the kind of analysis and generalization that would make "Ever Since Eve" more than a readable anthology. She tends to be blithe about childbirth, which has the effect of undermining the drama she set out to describe.

Anatole Broyard is on the staff of The New York Times.

BEST SELLERS

The New York Times		Los Angeles Times	
Rank	Title	Rank	Title
1	THE ACQUITTANCE PROGRESSION, by Robert Lecker	1	MOTHERHOOD: The Second Oldest Profession, by Emma Bonhoeffer
2	THE HAIL by Leon Uris	2	PAST IMPERFECT, by Joan Collins
3	THE BUTTER BATTLE BOOK, by Dr. Seuss	3	FIRST LADY FROM PLAINS, by Kathleen Carter
4	HERETICS OF DUNE, by Frank Herbert	4	THE MARCH OF FOLLY, by Barbara Cartland
5	THE DANGER, by Dick Francis	5	BALLS, by Greg Neri and Peter Galan
6	DESCENT FROM ZANADU, by Harold Robbins	6	ONE WRITER'S BEGINNINGS, by Edna St. Vincent Millay
7	WARDAY, by Whitley Strieber and James W. Kammer	7	CAVEAT, by Alexander M. Haig Jr.
8	SMART MONEY, by Andy Weiss	8	MAYOR, by Edward I. Koch
9	ALMOST PARADISE, by Susan Isaacs	9	KNOCK WOOD, by Robert B. Parker
10	ONE MORE SUNDAY, by John D. MacDonald	10	TOUGH TIMES NEVER LAST, BUT TOUGH PEOPLE DO, by Robert H. Schuller
11	LORD OF THE DANCE, by Andrew M. Greeley	11	MAFIA PRINCESS, by Antonino Giamonte and Thomas C. Reener
12	THE SECRETARY, by Stephen King	12	THE FIRE FROM WITHIN, by Carlos Fuentes
13	DEMOCRACY, by Robert E. Rorabacher	13	FURTHER UP THE ORGANIZATION, by Robert Townsend
14	VALEDCITY, by Robert E. Rorabacher	14	A LIGHT IN THE ATTIC, by Neil Simon
15	POLAND, by James A. Michener	15	THE LINES AND SHADOWS, by Joseph Weynants
			IN THE WOODS, by M. Scott Fox
			TOUGH MINDS FAITH FOR TEN, by Robert M. Shiller
			DEREKED PEOPLE, by Robert H. Schuller
			ADVICE, HOW-TO AND MISCELLANEOUS
			EAT TO WIN, by Robert H. Schuller
			WRITING THE LIFE, by Robert G. Allen
			WESTER'S NINTH COLLEGIATE DICTIONARY
			THE LIFETIME COMPANION, by Robert H. Schuller
			PUTTING THE ONE MINUTE MAN: AGE TO WORK, by Kenneth Blanchard and Robert Johnson

BRIDGE

By Alan Truscott

ON the diagramed deal, both South players led in a borderline three no-trump contract that proved fairly easy to make after an opening spade lead. South played low from dummy and won the ten with the queen. He then led a small club to dummy's queen, which won when West ducked. Then a diamond lead to the ten held the next trick, and things were getting better and better. The spade jack was led and covered with the king. The ace won and another diamond was led. East was allowed to win with the king, and dummy's jack scored an overtrick. If West had thrown a black card, South would have played clubs for the same reason. In the end, South played hearts at the second trick and wound up with nine tricks.

WEST		EAST		SOUTH		NORTH	
♠	AKQJ	♠	10987	♠	AKQJ	♠	10987
♥	AKQJ	♥	10987	♥	AKQJ	♥	10987
♦	AKQJ	♦	10987	♦	AKQJ	♦	10987
♣	AKQJ	♣	10987	♣	AKQJ	♣	10987

Canadian Stock Markets May 22

Toronto		Montreal	
Index	Change	Index	Change
3000	+15.25	1000	+15.25
3001	+15.25	1001	+15.25
3002	+15.25	1002	+15.25
3003	+15.25	1003	+15.25
3004	+15.25	1004	+15.25
3005	+15.25	1005	+15.25
3006	+15.25	1006	+15.25
3007	+15.25	1007	+15.25
3008	+15.25	1008	+15.25
3009	+15.25	1009	+15.25
3010	+15.25	1010	+15.25

Amsterdam

Index	Change
1000	+15.25
1001	+15.25
1002	+15.25
1003	+15.25
1004	+15.25
1005	+15.25
1006	+15.25
1007	+15.25
1008	+15.25
1009	+15.25
1010	+15.25

Other Markets May 22

Index	Change
1000	+15.25
1001	+15.25
1002	+15.25
1003	+15.25
1004	+15.25
1005	+15.25
1006	+15.25
1007	+15.25
1008	+15.25
1009	+15.25
1010	+15.25

Tokyo

Index	Change
1000	+15.25
1001	+15.25
1002	+15.25
1003	+15.25
1004	+15.25
1005	+15.25
1006	+15.25
1007	+15.25
1008	+15.25
1009	+15.25
1010	+15.25

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